

**FINAL DRAFT ANNUAL BUDGET OF !KHEIS LOCAL
MUNICIPALITY**



2014/15 TO 2016/17

**Draft Medium Term Revenue & Expenditure Framework
(MTREF)**

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Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CFO	Chief Financial Officer
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EPWP	Expended Public Works Programme
FBS	Free basic services
FMG	Financial Management Grant
GAMAP	Generally Accepted Municipal Accounting Practice
GDS	Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
M	Mayor
MM	Municipal Manager
MBRR	Municipal Budget Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MSIG	Municipal Systems Improvement Grant
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NDP	National Development Plan
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

!KHEIS LOCAL MUNICIPALITY

VISION

“The development of an institution, focussing on transparent, loyal and effective service delivery to the residence of the !Kheis Municipal Area.”

MISSION

‘To promote economic development to the advantage of the communities within the boundaries of the !Kheis Municipality. This will be done by the establishment and maintenance of an effective administration and a safe environment in order to lure tourists and investors to the area’.

Core values of the municipality

The Municipality is committed to deliver services within the framework of *Batho Pele* principles, as outlined below:

- *Courtesy and ‘People First’*
Residents should be treated with courtesy and consideration at all times.
- *Consultation*
Residents should be consulted about service levels and quality, when possible.
- *Service excellence*
Residents must be made aware of what to expect in terms of level and quality of service.
- *Access*
Residents should have equal access to the services to which they are entitled.
- *Information*
Residents must receive full and accurate information about their services.
- *Openness and transparency*
Residents should be informed about government departments, operations, budgets and management structures.
- *Redress*
Residents are entitled to an apology, explanation and remedial action if the promised standard of service is not delivered.
- *Value for money*
Public services should be provided economically and efficiently.

Part 1 – DRAFT ANNUAL BUDGET

1.1 Mayor's Report

1. Introduction

I am hereby presenting the Draft Annual Budget, Draft Service Delivery Budget Implementation Plan (SDBIP), and IDP for the 2014/2015 MTREF. The budget that I am presenting was prepared in accordance with the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practices as applicable to Local Government.

This budget amidst the on-going global economic crisis, are presented in a time when municipalities throughout the country are struggling to get their economies working again. As an elected representative, I am duty bound to report on occasions like these properly on the execution of our mandate.

I therefore Councillor's, make this bold statement: "We are responsible Political Office Bearers that will uphold the constitution at all times; furthermore, as Political Office Bearers we believe we had appointed suitably qualified professionals to administer this Budget meticulously and having the interest of the people at heart. It is in our interest to make !Kheis Municipality our competitive and attractive entity to both domestic and foreign investors.

This budget is a forecast of revenue and expenditure, it is a projection of future financial activities and must be used as a guiding tool. It would be a futile exercise when this tool is not utilised to achieve our developmental imperatives to change the lives of the !Kheis communities.

The budget is a planning tool and instrument to manage public funds to improve the quality of life of all our people, and this we do through planning, allocation, control and proper accounting.

We do acknowledge that the municipality is not a profit making organization and must be maintained as a going concern; therefore acknowledging the increasing cost of service delivery. We are forever adapting our strategies to suit prevailing economic circumstances, as we cannot isolate ourselves from the global economy.

Our biggest challenge is unemployment and to stimulate the rural economy. Although our focus is shamelessly pro poor, we have come to the realisation that with our own resources only we would be unable to achieve significant change in the municipal area. We need the goodwill and intervention of all government departments, state owned enterprises, the private sector and civil society.

The Council use this opportunity to govern and change people's life's with strategic interventions, especially the deprived and unemployed. We are working tirelessly to unlock the economic potential of the area through various national governments. A few pertinent examples of such interventions are:

1. Department of Water Affairs and Forestry

We secure R2.6 million ACIP funds from the Department of Water Affairs and Forestry for Water Demand and Water Conservation Management. Water Meters will help to secure future water suppliers as they encourage people to use water wisely, and the usage data we collect will help us to identify leaks and determine water losses. This will enhance the debt collection of the municipality.

2. Department of Energy

The municipality in the partnership with the Department of Energy are eager to develop Solar Plants in the !Kheis area as we believe that this venture could secure jobs in the area. Bokpoort CSP are in construction and more Solar Plants are anticipated for the !Kheis area. A HYDRO Power Station is also in line.

These initiative will stimulate the economy of !Kheis and address unemployed.

3. CoGHSTA

The following CoGHSTA projects are currently under construction:

1. 909 Water Reticulation – Duineveld and Deboville
2. Wegdraai 50 Houses
3. Grootdrink 50 Houses

The following projects are ready for implementation

1. Topline 50 Houses
2. Boegoeberg Housing project

The budget submitted here today is another step closer to accomplish the strategic goals of the municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, the financial viability and sustainability of the municipality as well as good administration and public participation.

I would like to thank all the role players, stakeholders and every citizen of !Kheis Municipality who participated in the drafting of this IDP and Budget, through a process of public participation, ward committees, workshops, one – on – one engagements and individual inputs.

It is my privilege and honour to present this 2014/2015 budget to the Council for its consideration and approval.

I thank you!

1.2 Council resolutions

On 30 May 2014 the Council of !Kheis Municipality met in the Council Chambers to consider the Annual Budget of the municipality for the financial year 2014/2015 and the two outer years. The Council, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopt the following resolutions:

- 1.1 The annual budget of the municipality for the financial year 2014/2015 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification)
 - 1.1.2 Budgeted and Financial performance (revenue and expenditure by municipal vote)
 - 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification funding by source.
- 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1 Budgeted Financial Position
 - 1.2.2 Budgeted Cash Flows
 - 1.2.3 Cash Backed reserves and accumulated surplus reconciliation
 - 1.2.4 Asset Management; and
 - 1.2.5 Basic Service Delivery Measurement
2. The Council of !Kheis Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000), approves and adopt with effect from 1 July 2013 the following tariffs for all services:
 - 2.1 The tariffs for property rates
 - 2.2 The tariffs for supply of water
 - 2.3 The tariffs for sanitation services
3. The Council of !Kheis Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000), approves and adopt with effect from 1 July 2013 the tariffs for other services.
4. To give proper effect to the municipality's draft annual budget, the Council of !Kheis Municipality approves:
 - 4.1 that cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2 That the municipality did not budget to raise long term loans to fund the capital budget.

1.3 Executive Summary

Section 153 of the Constitution requires that a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community”

The application of sound financial management principles for the compilation of the municipality’s budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The municipality’s business and service delivery priorities were reviewed as part of this year’s planning and budget process.

National Treasury’s MFMA Circular No. 48, 51, 54, 55, 66, 67 and 70 were used to guide the compilation of the 2014/2015 draft budget. The following areas require particular attention:

- Revenue Management – To ensure all households are accurately billed and revenue collected
- Collection Outstanding Debt – Ensure sufficient administrative capacity, political commitment and accuracy and affordability of the accounts of poor households
- Pricing of services – To ensure that the services rendered are recovered in terms of the pricing structure
- Repairs and Maintenance – Assets should be maintained in a healthy state in order to generate revenue over a longer term
- Spending on non-priorities – Ensure that funding is allocated to prioritized items.

The main challenges experienced during compilation of the draft 2014/2015 MTREF can be summarized as follows

- The low payment percentage of debtors.
- Unavailability of electricity as both a trade service and a debt collection mechanism to the municipality due to the direct provision of these service to the population by ESKOM
- Service delivery backlogs
- The continued increases in the cost to provide services. Continuous high tariff increases are not sustainable – as there will be a point where services will no longer be affordable to our communities, particularly the unemployed, the vulnerable and indigents.
- Aging and poorly maintained water and roads infrastructure.
- Unavailability of own funding for capital budget; and
- Inability to raise capital
- The on-going difficulties in the national and local economy.

The following budget principles and guidelines directly informed the compilation of the 2014/2015 MTREF.

- The 2013/14 Approved Budget priorities and targets, as well as the base line allocations contained in that Approved Budget were adopted as the upper limits for the new baselines for the 2014/2015 Draft MTREF Budget.
- Compliance with laws and regulations

- Previous commitments and existing contracts
- Affordability of tariff and property rate increases in line with inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.
- The budget must be spent in full, and all grants must be utilised in full.

In view of the aforementioned, the following table is a consolidated overview of the 2014/2015 Medium-Term Revenue and Expenditure Framework.

Table 1 Consolidated Overview of the 2014/15 MTREF

R Thousand	Approved Budget 13/14	Budget Year 14/15	Budget Year +1 15/16	Budget Year + 2 16/17
	R'000	R'000'	R'000'	R'000'
Total Operating Revenue	30 882	36 620	39 909	41 669
Total Operating Expenditure	46 810	56 158	59 753	63 577
Surplus /(Deficit)	(15 928)	(19 539)	(19 844)	(21 907)
Total Capital Expenditure	15 928	19 560	20 812	22 144

Total operating revenue has increase by 18.5% for the 2014/15 financial year compared to the 2013/14 Approved Adjustment Budget, due to the following reasons:

- increase in property rates payments,
- increase in service charges and
- increase in grants and subsidies

Operational expenditure has grown by 19.9% in the 2014/15 budget year compared to the 2013/14 Approved Adjustment Budget figures. This increase is mainly due to the following:

- The creation of an additional Directorate called Community Services,
- The department Tax and General Services had been amended to make provision for the Office of the Municipal Manager, Directorate Corporate Services and Directorate Technical Services, with each department catering for its own budget maintenance,
- Expansion of service delivery targets, by creating additional positions,
- Expenditure such as repairs and maintenance on our capital assets,
- Diesel for the sanitation and sewerage trucks

The capital budget of R19.5 million for the 2014/15 financial is 22.8% higher than 2013/14 Adjustments Budget. An additional R5, 158 million had been receive from MIG due to the fact that municipality spend 100% of her MIG allocation by December 2013. That additional allocation will be used to fund the following two projects, namely, Bulk water: Grootdrink and Bulk water: Wegdraai. These two projects had already been approved by MIG, prior to the end of the 2013/14 financial year. A substantial portion of the capital budget will be funded from MIG over the MTREF. Funding was also received from EPWP and ACIP. No borrowings are anticipated to contribute to the funding of capital expenditure in each of the MTREF years

1.4 Operating Revenue Framework

!Kheis Local Municipality intends to continue improving the quality of services provided to its community as highlighted above on its priorities and therefore needs to generate the required revenue to attain that. In these tough economic times strong revenue management is fundamental to the financial sustainability of our municipality. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues. We have made generous efforts, in the MTREF, to maximise revenue generation without negating the need to be realistic while limiting non-essential expenditure. This places a strenuous burden on our management to be prudent in the revenue and expenditure management.

The municipality's revenues strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 90% annual collection rate for property rates for 2014/15 and 95% for 2015/16 and 100% for 2016/17. The annual collection rate on other key service charges will be aimed at 50% for 2014/15, 65% for 2015/16 and 75% for 2016/17;
- Achievement of full cost recovery of specific user charges especially in the relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigents Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2014/2015 MTREF revenue (classified by main revenue source):

Table 2 Summary of revenue classified by revenue source

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	595	1 129	1 050	1 708	1 708	1 708	–	3 165	3 367	3 583
Property rates - penalties & collection charges									166	176	188
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	3 009	3 514	3 603	3 417	3 417	3 417	–	4 089	4 351	4 629
Service charges - sanitation revenue	2	2 979	1 389	1 483	1 445	1 445	1 445	–	1 679	1 787	1 901

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Service charges - refuse revenue	2	–	1 849	1 978	1 919	1 919	1 919	–	2 298	2 445	2 601
Service charges – other											
Rental of facilities and equipment		496	188	525	484	484	484		514	547	582
Interest earned - external investments		161	305	112	310	310	310		41	44	47
Interest earned - outstanding debtors		775	1 684	1 899	1 767	1 767	1 767		1 707	1 817	1 933
Dividends received											
Fines				13	4	4	4		14	15	16
Licences and permits				3	3	3	3		–	–	–
Agency services		(321)	210	154	171	171	171		930	990	1 053
Transfers recognised - operational		14 517	17 395	21 799	19 771	19 771	19 771		21 277	23 584	24 300
Other revenue	2	536	176	38	23	(500)	(500)	–	738	786	836
Gains on disposal of PPE			114	120	382				–	–	–
Total Revenue (excluding capital transfers and contributions)		22 747	27 952	32 779	31 405	30 882	30 882	–	36 620	39 909	41 669
Expenditure By Type	-										
Employee related costs	2	6 742	8 880	11 742	14 073	14 073	14 073	–	18 873	20 081	21 366
Remuneration of councillors		1 746	1 490	1 770	1 760	1 760	1 760		2 037	2 167	2 306
Debt impairment	3	14 925	2 155	3 690	5 340				4 926	5 241	5 577
Depreciation & asset impairment	2	1 164	9 650	–	10 191	10 484	10 484	–	10 282	10 940	11 640
Finance charges		153	220	251	204	204	204		581	618	658
Bulk purchases	2	570	732	660	899	899	899	–	899	957	1 018
Other materials	8	711	718	1 851	843	1 116	1 116		3 063	3 259	3 468
Contracted services		–	–	–	–	–	–	–	–	–	–
Transfers and grants		2 017	1 582	2 818	1 890	1 890	1 890	–	1 905	2 027	2 156
Other expenditure	4, 5	5 008	6 438	8 744	10 369	16 384	16 384	–	13 592	14 461	15 387
Loss on disposal of PPE											
Total Expenditure		33 036	31 866	31 527	45 569	46 810	46 810	–	56 158	59 753	63 577
Surplus/(Deficit)		(10 289)	(3 914)	1 252	(14 164)	(15 928)	(17 916)	–	(19 539)	(19 844)	(21 907)
Transfers recognised - capital		7 346	12 098	13 870	14 168	15 928	15 928		19 560	20 812	22 144
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(2 943)	8 185	15 122	4	0	0	–	21	968	236
Taxation											
Surplus/(Deficit) after taxation		(2 943)	8 185	15 122	4	0	0	–	21	968	236
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(2 943)	8 185	15 122	4	0	0	–	21	968	236
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(2 943)	8 185	15 122	4	0	0	–	21	968	236

Table 3 Percentage growth of revenue by main revenue source

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework					
		Budget Year 2012/2013	Full Year Forecast	% Movement	Budget Year 2014/15	% Movement	Budget Year +1 2015/16	% Movement	Budget Year +2 2016/17	% Movement
Revenue By Source										
Property rates	2	1 050	1 708	63%	3 165	85%	3 367	6%	3 583	6%
Property rates - penalties & collection charges					166	100%	176	6%	188	6%
Service charges - electricity revenue	2	–	–	–	–		–		–	
Service charges - water revenue	2	3 603	3 417	-5%	4 089	20%	4 351	6%	4 629	6%
Service charges - sanitation revenue	2	1 483	1 445	-3%	1 679	16%	1 787	6%	1 901	6%
Service charges - refuse revenue	2	1 978	1 919	-3%	2 298	20%	2 445	6%	2 601	6%
Service charges – other										
Rental of facilities and equipment		525	484	-8%	514	6%	547	6%	582	6%
Interest earned - external investments		112	310	177%	41	-77%	44	6%	47	6%
Interest earned - outstanding debtors		1 899	1 767	-7%	1 707	-3%	1 817	6%	1 933	6%
Dividends received										
Fines		13	4	0%	14	350%	15	6%	16	6%
Licences and permits		3	3	0%	–	-100%	–	0%	–	0%
Agency services		154	171	11%	930	544%	990	6%	1 053	6%
Transfers recognised - operational		21 799	19 771	-9%	21 277	8%	23 584	11%	24 300	3%
Other revenue	2	38	(500)	-1315%	738	1476%	786	7%	836	6%
Gains on disposal of PPE		120		-100%	–	0%	–	0%	–	0%
Total Revenue (excluding capital transfers and contributions)		32 779	30 882		36 620		39 909		41 669	

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. In the 2013/2014 adjusted budget, revenue from rates and services charges totalled R8.4 million. Revenue particularly from property rates has increased by 85% from 2013/14 mainly due to the property valuations conducted in terms of Municipal Property Rates Act in 2014. The municipality previously lost significant amounts of revenue due to incorrect billing of such properties for rates and taxes. Water revenue has also seen slight increase of 20%, from 2013/2014. The water department plans to reduce water losses from the current levels to about acceptable levels. The process will involve tight monitoring of the water distribution network as well as eliminating failures in water distribution equipment. More water is expected to be tapped from the municipal water plants to ease water deficiencies in various parts of !Kheis Municipal area.

Water is the second largest revenue source totalling 11% contributing R4 million of billing revenue and increases to R4.3 million by 2015/16. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R21.2 million in the 2014/15 financial year and steadily increased to R23.5million by 2015/16. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term. Please note that re-imbursement grants were not included in the table awaiting confirmation from the relevant organs of state.

Table 4 Operating Transfers and Grants Receipts

NC084 !Kheis - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		13 867	15 947	19 152	19 439	19 439	19 439	20 697	22 022	23 431
Local Government Equitable Share		11 787	13 707	15 852	16 899	16 899	16 899	17 963	19 113	20 336
Finance Management		1 200	1 450	1 500	1 650	1 650	1 650	1 800	1 915	2 038
Municipal Systems Improvement		880	790	800	890	890	890	934	994	1 057
				1 000						
Other transfers/grants [insert description]										
Provincial Government:		220	323	347	332	332	332	580	617	657
Sport and Recreation		220	323	347	332	332	332	580	986	1 145
Cogsta										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants:		14 087	16 270	19 499	19 771	19 771	19 771	21 277	23 584	24 300
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		7 400	12 898	14 870	14 168	14 168	14 168	19 560	20 812	22 144
Municipal Infrastructure Grant (MIG)		7 346	12 098	13 870	13 168	13 168	13 168	15 992	19 748	21 012
Regional Bulk Infrastructure								2 568		
EPWP Incentive		54	800	1 000	1 000	1 000	1 000	1 000	1 064	1 132
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	6 201	365	365	365	-	-	-
National Lottery				6 201	365	365	365	-	-	-
Total capital expenditure of Transfers and Grants		7 400	12 898	21 071	14 533	14 533	14 533	19 560	20 812	22 144
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		21 487	29 168	40 570	34 304	34 304	34 304	40 837	44 396	46 444

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

The municipality's electricity and water tariffs are largely outside the control of the municipality, given that these tariff increases are determined by external agencies (Eskom and Boegoeberg Water Users Association).

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Property rates tariffs are based on the latest property valuations which were conducted during 2013/2014 by DDP Valuers.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

Should the use or ownership or circumstances used to approve exemption from payment of assessment rates change, such exemptions will immediately lapse from date of change.

1.4.2 Sale of Water and Impact of Tariff Increases

We face significant challenges with water supply, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective-including the cost of maintenance and renewal of purification plants, water networks and cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in the future to ensure sustainability.

A tariff increase of 6% from 1 July 2014 for water is proposed. This is based on input cost assumptions of 10 % increase in the cost of bulk water. In addition 6kl water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

	CURRENT TARIFFS 2013/14	PROPOSED TARIFFS 2014/15
RESIDENTIAL	Rand per	KL
1-6kl per month	3.66	3.88
7-15kl per month	6.10	6.46
16-40kl per month	6.10	6.46
41-80kl per month	7.32	7.76
81- 100kl per month	7.32	7.76
101 – 150kl per month	7.32	7.76
151-200kl per month	20.74	21.98
201kl and above	25.62	27.15
NON-RESIDENTIAL		
Schools and hostels	8.54	9,05
Abattoir	8.54	9,05

!Kheis Municipality is the Water Service Authority and Boegoeberg Water Users Association is the Water Service Provider in the area. The Municipality manage the provision of drinking water and waste water management.

The Municipality Blue Drop and Green Drop performance ratings as determined by the Department of Water Affairs are as follows:

BRANDBOOM BLUE DROP

Supply Area's:

Die gemeenskap van Brandboom/Boegoeberg

Treatment:

Current Water Quality:



Microbiological Water Quality Compliance
Warning (Not Monitored) ! With Operational
 (Not Monitored) non compliance.

Blue Drop Status:

2009 (Blue Drop Report 2010) not participated.

2010 (Blue Drop Report 2011) 52.4%

2011 (Blue Drop Report 2012) 40.79%

Regulatory Comments:

The Blue Drop performance of Kheis Local Municipality remained constant. The Department was, however, presented with evidence to confirm that the water safety planning process is underway in each of the supply systems. The DWA trusts that risks identified in this process and adaptations to both monitoring programmes and treatment processes will result in future performance improvements.

The WSA is now encouraged to take ownership of the process by addressing site specific risks. Without data to confirm that a full set of SANS 241 analyses had been conducted in each of the supply systems, the revised monitoring programmes cannot be deemed appropriate. Information will be also required in future to confirm the risks that apply to the various raw water sources that are treated.

To ensure improved drinking water quality management, Kheis Local Municipality management is required to provide leadership and funding for the required asset management activities. Detailed process audits are required at each of the treatment systems, the asset register should be updated to include assets of the Gariep supply systems, and the WSA is advised to confirm the accuracy of information provided related to financial planning and expenditure. Officials also had difficulty providing confirmed data regarding the design and actual operating capacities of the various treatment systems; updated information is required to be readily available for day-to-day operational business and Blue Drop assessments.

GARIEP**Supply Area's:**

Die gemeenskap van Gariep

Treatment:**Current Water Quality:**

Excellent Microbiological Water Quality Compliance but with Operational (*Not Monitored*) non compliance.

Blue Drop Status:

2009 (Blue Drop Report 2010) not participated.

2010 (Blue Drop Report 2011) 47.35%

2011 (Blue Drop Report 2012) 49.59%

Regulatory Comments:

The Blue Drop performance of Kheis Local Municipality remained constant. The Department was, however, presented with evidence to confirm that the water safety planning process is underway in each of the supply systems. The DWA trusts that risks identified in this process and adaptations to both monitoring programmes and treatment processes will result in future performance improvements.

To ensure improved drinking water quality management, Kheis Local Municipality management is required to provide leadership and funding for the required asset management activities. Detailed process audits are required at each of the treatment systems, the asset

register should be updated to include assets of the Gariep supply systems, and the WSA is advised to confirm the accuracy of information provided related to financial planning and expenditure. Officials also had difficulty providing confirmed data regarding the design and actual operating capacities of the various treatment systems; updated information is required to be readily available for day-to-day operational business and Blue Drop assessments.

GROBLERSHOOP

Supply Area's:

Die gemeenskap van Groblershoop sowel as Sternham en die Witblok

Treatment:

Current Water Quality:



Excellent Microbiological Water Quality
Compliance but with Operational (*Not Monitored*) non compliance.

Blue Drop Status:

2009 (Blue Drop Report 2010) not participated.

2010 (Blue Drop Report 2011) 54.5%

2011 (Blue Drop Report 2012) 54.28%

Regulatory Comments:

The Blue Drop performance of Kheis Local Municipality remained constant. The Department was, however, presented with evidence to confirm that the water safety planning process is underway in each of the supply systems. The DWA trusts that risks identified in this process and adaptations to both monitoring programmes and treatment processes will result in future performance improvements.

The WSA is now encouraged to take ownership of the process by addressing site specific risks. Without data to confirm that a full set of SANS 241 analyses had been conducted in each of the supply systems, the revised monitoring programmes cannot be deemed appropriate. Information will be also required in future to confirm the risks that apply to the various raw water sources that are treated.

To ensure improved drinking water quality management, Kheis Local Municipality management is required to provide leadership and funding for the required asset management activities. Detailed process audits are required at each of the treatment systems, the asset register should be updated to include assets of the Gariep supply systems, and the WSA is advised to confirm the accuracy of information provided related to financial planning and expenditure. Officials also had difficulty providing confirmed data regarding the design and actual operating capacities of the various treatment systems; updated information is required to be readily available for day-to-day operational business and Blue Drop assessments.

GROOTDRINK**Supply Area's:**

Die gemeenskap van Grootdrink

Treatment:**Current Water Quality:**

Excellent Microbiological Water Quality
Compliance but with Operational (*Not Monitored*) non compliance.

Blue Drop Status:

2009 (Blue Drop Report 2010) not participated.

2010 (Blue Drop Report 2011) 52.6%

2011 (Blue Drop Report 2012) 48.59%

Regulatory Comments:

The Blue Drop performance of Kheis Local Municipality remained constant. The Department was, however, presented with evidence to confirm that the water safety planning process is underway in each of the supply systems. The DWA trusts that risks identified in this process and adaptations to both monitoring programmes and treatment processes will result in future performance improvements.

The WSA is now encouraged to take ownership of the process by addressing site specific risks. Without data to confirm that a full set of SANS 241 analyses had been conducted in each of the supply systems, the revised monitoring programmes cannot be deemed appropriate. Information will be also required in future to confirm the risks that apply to the various raw water sources that are treated.

To ensure improved drinking water quality management, Kheis Local Municipality management is required to provide leadership and funding for the required asset management activities. Detailed process audits are required at each of the treatment systems, the asset register should be updated to include assets of the Gariep supply systems, and the WSA is advised to confirm the accuracy of information provided related to financial planning and expenditure. Officials also had difficulty providing confirmed data regarding the design and actual operating capacities of the various treatment systems; updated information is required to be readily available for day-to-day operational business and Blue Drop assessments.

TOPLINE**Supply Area's:**

Die gemeenskap van Topline

Treatment:**Current Water Quality:**

**Microbiological Water Quality Compliance
Warning (*Not Monitored*) !** With
Operational (*Not Monitored*) non compliance.

Blue Drop Status:

2009 (Blue Drop Report 2010) not participated.

2010 (Blue Drop Report 2011) 52.51%

2011 (Blue Drop Report 2012) 39.09%

Regulatory Comments:

The Blue Drop performance of Kheis Local Municipality remained constant. The Department was, however, presented with evidence to confirm that the water safety planning process is underway in each of the supply systems. The DWA trusts that risks identified in this process and adaptations to both monitoring programmes and treatment processes will result in future performance improvements.

The WSA is now encouraged to take ownership of the process by addressing site specific risks. Without data to confirm that a full set of SANS 241 analyses had been conducted in each of the supply systems, the revised monitoring programmes cannot be deemed appropriate. Information will be also required in future to confirm the risks that apply to the various raw water sources that are treated.

To ensure improved drinking water quality management, Kheis Local Municipality management is required to provide leadership and funding for the required asset management activities. Detailed process audits are required at each of the treatment systems, the asset register should be updated to include assets of the Gariep supply systems, and the WSA is advised to confirm the accuracy of information provided related to financial planning and expenditure. Officials also had difficulty providing confirmed data regarding the design and actual operating capacities of the various treatment systems; updated information is required to be readily available for day-to-day operational business and Blue Drop assessments.

WEGDRAAI**Supply Area's:**

Die gemeenskap van Wegdraai

Treatment:**Current Water Quality:**

Microbiological Water Quality Compliance
Warning (Not Monitored)! With
 Operational (*Not Monitored*) non compliance.

Blue Drop Status:

2009 (Blue Drop Report 2010) not participated.

2010 (Blue Drop Report 2011) 51.47%

2011 (Blue Drop Report 2012) 55%

Regulatory Comments:

The Blue Drop performance of Kheis Local Municipality remained constant. The Department was, however, presented with evidence to confirm that the water safety planning process is underway in each of the supply systems. The DWA trusts that risks identified in this process

and adaptations to both monitoring programmes and treatment processes will result in future performance improvements.

The WSA is now encouraged to take ownership of the process by addressing site specific risks. Without data to confirm that a full set of SANS 241 analyses had been conducted in each of the supply systems, the revised monitoring programmes cannot be deemed appropriate. Information will be also required in future to confirm the risks that apply to the various raw water sources that are treated.

To ensure improved drinking water quality management, Kheis Local Municipality management is required to provide leadership and funding for the required asset management activities. Detailed process audits are required at each of the treatment systems, the asset register should be updated to include assets of the Gariep supply systems, and the WSA is advised to confirm the accuracy of information provided related to financial planning and expenditure. Officials also had difficulty providing confirmed data regarding the design and actual operating capacities of the various treatment systems; updated information is required to be readily available for day-to-day operational business and Blue Drop assessments.

ACTION PLAN

!Kheis Local Municipality scored an overall of 54% in the its Blue Drop status during the year of 2012.

We have embarked on the following action plans to improve our blue drop status:

- Training of all our water operators
- Acquiring all the equipment to ensure we test our water quality on a more regular basis
- Do a risk assessment on all our water treatment plants
- Ensure that all the medical certificates are in place
- Certificates of adherence are compliant
- Request for reports on incidents that were admitted at the clinic
- Water conservation and water demand process are in place
- Adhere to all standards as set out in the regulations acts
- Water samples will be prioritised and done on a weekly basis to assess water more effectively.

We are currently doing research on our plants as we do not have as built information at our disposal. We are prepared to accept any assistance from other stakeholders to improve on our scoring at Blue Drop for the coming years.

We are engaging with previous consultants and the different Departments to assist with as much information as they can to improve our Blue Drop status. The Municipality has the capacity to improve the scores from previous years to achieve the 90% mark and more. The actions to be taken should therefore be implemented and monitored on a regular time frame to achieve these results. The Department of Water Affairs is giving sufficient assistance to the Municipality and we commend their support.

WATER SAFETY PLAN FOR 2014/15 FINANCIAL YEAR

The Water Safety Plan (WSP) was compiled for the water supply area of !Kheis Local Municipality, ZF Mgcawu District Municipality, Northern Cape.

This document addresses the critical water quality management such as the water safety planning processes, full system assessments that include inspections of the catchment, water treatment works and the distribution system.

The plan also includes the evaluation of the risk informed water quality monitoring programmes, the data submission on the BDS and the water quality over 12 months.

SCORING / RATING SYSTEM	SCORE OBTAINED	STATUS
Site inspection	56%	Good
High Risk Identified	47%	Good
Microbiological water quality	58%	Bad
Overall impression on risk management	54	Fair

The overall impression score of 54% is average which indicates that only basic water management is being addressed within the current resources available and not risk based as required by the water safety planning process.

Raw water is extracted from the Orange River as well as from the canal in most of the areas within the Municipality into the raw water dams. Most risks like the insufficient safety and security of the water treatment works, unqualified process controllers and supervisors and no routine maintenance programmes were identified as major risks in this supply areas.

The areas that complete the !Kheis Municipal boundaries are Groblershoop, Boegoeberg, Opwag, Zumaville, Wegdraai, Topline, Grootdrink and Gariep.

WATER SAFETY PLANNING PROCESS

The purpose of the Water Safety Planning Process is to introduce a holistic approach to drinking water quality management and provide a systematic, transparent approach to the consistent provision of safe water with a clear focus on public health. The emphasis of the WSPP is on water supply management and covers the entire water supply system with participation of all stakeholders.

The objectives of the Water Safety Planning Process are to consistently ensure the safety and acceptability of the drinking water system by:

- Identifying hazards and prioritizing risks in the drinking water system from catchment-to consumer
- Assessing the effectiveness of existing control measures for these risks
- Implementing improvement plans for high priority uncontrolled risks.

The !Kheis Municipality have committed to follow the following water safety planning process:



The !Kheis Municipality will take ownership of the water safety plan, an improvement plan to mitigate the hazards should be compiled. Champions of this plan should be identified and an allocation as well as time frame should be included into the implementation plan.

More information is available that will outline the whole water safety plan process on request.

This plan should be a working document and should be updated with time.

1.4.3 Sanitation and Impact of Tariff Increases

A tariff increase of 6% for sanitation from 1 July 2014 is proposed. This is based on the input cost assumptions related to water. It should be noted that water costs contributes approximately 93 per cent of waste water treatment input costs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 per cent of 6 kl water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R1.6million for the 2014/15 financial year.

At the moment only a basic charge is levied per erven for sanitation services rendered by the municipality.

1.4.4 Waste Removal and Impact of Tariff Increases

A 6 % increase in the waste removal tariff is proposed from 1 July 2014. Any increase higher than 7.5 % would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debts.

The following table compares current and proposed amounts payable from 1 July 2014:

Table 6 Comparison between current waste removal fees and increases

Detail	Tariff 1 July 2012	Tariff 1 July 2013
Sanitation		
Households	78.07	82.75
Business	96.60	103.44
Schools	96.60	103.44
Abattoir	18 938	20 238
Refuse removal		
Households	107.34	213.78
Business	236.64	250.84
Garden refuse	112.22	118.95
Building refuse	224.44	237.91

1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 7 MBRR table SA14- Household bills

NC084 !Kheis - Supporting Table SA14 Household bills

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent								% incr.			
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		136.43	144.61	144.61	144.61	144.61	144.61	6.4%	144.61	153.87	163.71
Electricity: Basic levy										-	-
Electricity: Consumption										-	-
Water: Basic levy		33.38	35.38	35.38	35.38	35.38	35.38	6.4%	35.38	37.64	40.05
Water: Consumption		100.59	106.63	106.63	89.02	89.02	89.02	6.4%	94.36	100.40	106.82
Sanitation		49.42	52.38	52.38	68.48	68.48	68.48	6.4%	75.59	80.43	85.58
Refuse removal		67.93	72.00	72.00	94.16	94.16	94.16	6.4%	99.81	106.20	112.99
Other										-	-
sub-total		387.75	411.00	411.00	431.65	431.65	431.65	4.2%	449.75	478.53	509.16
VAT on Services		35.18	35.18	37.30	57.23	57.23	57.23	6.4%	62.75		
Total large household bill:		422.93	446.18	448.30	488.88	488.88	488.88	4.8%	512.50	478.53	509.16
% increase/-decrease			5.5%	0.5%	9.1%	-	-		4.8%	(6.6%)	6.4%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		9.10	9.65	9.65	10.27	10.27	10.27	6.4%	10.92	11.62	12.37
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		33.38	35.28	35.28	35.28	35.28	35.28	6.4%	35.38	37.64	40.05
Water: Consumption		81.73	86.63	86.63	92.17	92.17	92.17	6.4%	98.07	104.35	111.03
Sanitation		49.42	52.39	52.39	52.39	52.39	52.39	6.4%	75.59	80.43	85.58
Refuse removal		67.93	72.00	72.00	94.16	94.16	94.16	6.4%	99.81	106.20	112.99
Other											
sub-total		241.56	255.95	255.95	284.27	284.27	284.27	12.5%	319.78	340.24	362.02
VAT on Services		32.54	34.48	34.48							
Total small household bill:		274.10	290.43	290.43	284.27	284.27	284.27	12.5%	319.78	340.24	362.02
% increase/-decrease			6.0%	-	(2.1%)	-	-		12.5%	6.4%	6.4%

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				-1.00	-	-1.00	-				
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy	33.38	35.28	35.28	32.86	32.86	32.86	6.4%	35.16	37.41	39.80	
Water: Consumption	15.65	16.59	16.59	15.32	15.32	15.32	6.4%	16.39	17.44	18.56	
Sanitation	49.42	52.39	52.39	68.48	68.48	68.48	6.4%	73.27	77.96	82.95	
Refuse removal	67.93	72.00	72.00	94.18	94.18	94.18	6.4%	100.77	107.22	114.08	
Other	10.70	11.34	11.34	37.35	37.35	37.35	6.4%	39.96	42.52	45.24	
sub-total	177.08	187.60	187.60	248.19	248.19	248.19	7.0%	265.55	282.55	300.63	
VAT on Services	23.29	26.52	26.52	34.82							
Total small household bill:	200.37	214.12	214.12	283.01	248.19	248.19	(6.2%)	265.55	282.55	300.63	
% increase/-decrease		6.9%	-	32.2%	(12.3%)	-		7.0%	6.4%	6.4%	

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

The assets renewal strategy and repairs and maintenance plan;

- Balanced budget constraint (operating expenditure should not exceed operating revenue)
- Funding of the budget over medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core service; and
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure)

Table 8 Summary of operating expenditure by standard classification item

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	R e f	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type	-										
Employee related costs	2	6 742	8 880	11 742	14 073	14 073	14 073	-	18 873	20 081	21 366
Remuneration of councillors		1 746	1 490	1 770	1 760	1 760	1 760		2 037	2 167	2 306
Debt impairment	3	14 925	2 155	3 690					4 926	5 241	5 577
Depreciation & asset impairment	2	1 164	9 650	-	10 191	10 484	10 484	-	10 282	10 940	11 640
Finance charges		153	220	251	204	204	204		581	618	658
Bulk purchases	2	570	732	660	899	899	899	-	899	957	1 018
Other materials	8	711	718	1 851	843	1 116	1 116		3 063	3 259	3 468
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants	4	2 017	1 582	2 818	1 890	1 890	1 890	-	1 905	2 027	2 156
Other expenditure	5	5 008	6 438	8 744	15 710	16 384	16 384	-	13 592	14 461	15 387
Loss on disposal of PPE											
Total Expenditure		33 036	31 866	31 527	45 569	46 810	46 810	-	56 158	59 753	63 577

The budget allocation for **employee related costs** for the 2014/15 financial year totals R18.8 million, which equals 33.6% of the total operating expenditure. This represents a 34.1% increment from prior year. The employee related costs are in-line with the multi-year Salary and Wage collective Agreement for the period 1 July 2014 to 30 June 2016.

The increase can be attributed to the fact that an additional directorate for community development had been created for the 2014/15 financial year. Council also decided to increase services by creating additional post and expanding of an existing department. An additional amount of 14 positions had been created to cater for these services.

The cost associated with the **remuneration of councillors** is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

Provision of debt impairment was determined based on the budgeted debts collection rate. The Provision of debt impairment totals R4.9 million in the 2014/15 financial year and steadily increased to R5.2 million by 2015/16. This provision is in-line with the expected budgeted payment percentage of 50% of debtors. Payment percentage of debtor's is currently less than 35%. More emphasis will be put on the implementing of the credit control and debt collection policy. The municipality is in a process of developing a revenue strategy which will help the municipality in realising budgeted revenue. The municipality is also in process to negotiate as a service delivery agreement with Eskom to cut electricity in Eskom areas, where municipal rates are outstanding. A report on the review of irrecoverable debts together with council credit control and debt collection policy are to be tabled, to assist council in the write-off of the irrecoverable debts.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R10.2 million for the 2014/15 financial and equates to 20% of the total operating expenditure. Please note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. i.e Heritage assets, unbundling of infrastructure assets and componentisation of property plant and equipment.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance-off of charges make up 1.1% (R 581 thousand) of operating expenditure for 2014/15 and maintains on R 618 thousand, to 2015/16.

Bulk purchases are directly informed by the purchase of water from Boegoeberg Water Users Association. The annual price increases have been factored into the budget appropriations and directly inform the revenue forecasts. Bulk purchases expenditures inherently include distribution losses. We are in process of calculating the water distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. It comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure.

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, and must be informed by the asset renewal strategy and repairs and maintenance plan of the municipality.

During the compilation of the 2014/2015 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the municipality's infrastructure and historic deferred maintenance. The total allocation for 2014/15 equates to R3million, a growth of 74.5% in relation to the Adjusted Budget of 2013/14 and continues to grow at 6% over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 5.5%.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

NC084 !Kheis - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
-										
<u>Infrastructure</u>		1	-	320	600	-	350	1 212	1 289	1 372
Infrastructure - Road transport		-	-	-	250	-	250	459	488	519
Roads, Pavements & Bridges				-	250	-	250	559	595	633
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	250	-	-	409	435	463
Dams & Reservoirs					250	-	-			-
Water purification				-				409	435	463
Reticulation					-	-				
Infrastructure - Sanitation		1	-	270	-	-	-	344	366	390
Reticulation										
Sewerage purification		1		270				344	366	390
Infrastructure - Other		-	-	50	100	-	100	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3			50	100	-	100	-	-	-
<u>Community</u>		144	-	515	582	-	582	573	609	648

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Parks & gardens	7										
Sportsfields & stadia											
Swimming pools											
Community halls											
Libraries		144	–	15	332	–	332	–	–	–	
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses											
Clinics											
Museums & Art Galleries											
Cemeteries		8			500	250	–	250	–	–	–
Social rental housing											
Other							573	609	648		
Heritage assets	9	–	–	–	–	–	–	–	–	–	
Buildings											
Other											
Investment properties		–	–	–	–	–	–	–	–	–	
Housing development											
Other											
Other assets	10	666	–	516	1 160	–	1 160	–	–	–	
General vehicles		312		153	407	–	407				
Specialised vehicles		–	–	–	–	–	–	–	–	–	
Plant & equipment					462	–	462	–	–	–	
Computers - hardware/equipment											
Furniture and other office equipment		61			250	–	250	–	–	–	
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings		4		250	25	–	25	–	–	–	
Other Land											
Surplus Assets - (Investment or Inventory)											
Other		289		113	16	–	16	–	–	–	
Agricultural assets		–	–	–	–	–	–	–	–		
List sub-class											
Biological assets		–	–	–	–	–	–	–	–		
List sub-class											
Intangibles		–	–	–	–	–	–	–	–		
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure	1	810	–	1 351	2 342	–	2 092	1 884	2 005	2 133	

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigents Policy. The municipality currently provide registered indigent households within the Government norms and standards of 6kl of free water and 50 amp electricity. The target is to register more indigent households during the 2014/15 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service measurement is contained in Table 24 MBRR A10 (Basic Service Delivery Measurements) .

1.6 Capital expenditure

Table 11 2013/14 Medium-term capital budget per vote

[illegible]

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Vote 9 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure – Vote		-	-	-	14 168	15 928	15 928	-	19 560	20 812	22 144
Capital Expenditure – Standard											
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-
Executive and council											
Budget and treasury office											
Corporate services											
<i>Community and public safety</i>		-	-	-	6 824	13 584	13 584	-	-	-	-
Community and social services					6 824	13 584	13 584				
Sport and recreation											
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	6 318	6 722	7 152
Planning and development											
Road transport									6 318	6 722	7 152
Environmental protection											
<i>Trading services</i>		-	-	-	7 344	2 344	2 344	-	7 116	7 572	8 056
Electricity											
Water					7 344	2 344	2 344		7 726	8 220	8 747
Waste water management									-	-	-
Waste management									4 516	4 805	5 113
<i>Other</i>									1 000	1 064	1 132
Total Capital Expenditure – Standard	3	-	-	-	14 168	15 928	15 928	-	19 560	20 812	22 144
Funded by:											
National Government											
Provincial Government											
District Municipality											
Other transfers and grants		9 554	13 679	13 463	14 168	15 928	15 928		19 560	20 812	22 144
Transfers recognised – capital	4	9 554	13 679	13 463	14 168	15 928	15 928	-	19 560	20 812	22 144
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	9 554	13 679	13 463	14 168	15 928	15 928	-	19 560	20 812	22 144

For 2014/15 an amount of R18.5 million has been appropriated for the development of infrastructure which represents 99% of the total capital budget. In the outer years this amount totals R20.8 million and R22.1 million respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 23 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Development of UDS toilets (All towns) - R 4.5 million
- Upgrading of internal streets (Brandboom) - R 2.3 million

- Upgrading of internal streets (Sternham) - R 4.1 million
- EPWP - R 1 million
- Water metres - Duineveld - R 2.5 million
- Water network – Wegdraai - R 2.9 million
- Water network – Grootdrink - R 2.2 million

1.7 Drafted Annual Budget Tables (A1 – A10)

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF to be considered for approval by council. Each table is accompanied by explanatory notes.

Table 12 MBRR Table A1- Budget Summary

NC084 !Kheis - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	595	1 129	1 050	1 708	1 708	1 708	–	3 330	3 544	3 770
Service charges	5 988	6 752	7 064	6 781	6 781	6 781	–	8 066	8 582	9 132
Investment revenue	161	305	112	310	310	310	–	41	44	47
Transfers recognised – operational	14 517	17 395	21 799	19 771	19 771	19 771	–	21 277	22 639	24 088
Other own revenue	1 486	2 372	2 753	2 834	2 312	2 312	–	3 905	4 155	4 420
	22 747	27 952	32 779	31 405	30 882	30 882	–	36 620	39 909	41 669
Total Revenue (excluding capital transfers and contributions)										
Employee costs	6 742	8 880	11 742	14 073	14 073	14 073	–	18 873	20 081	21 366
Remuneration of councillors	1 746	1 490	1 770	1 760	1 760	1 760	–	2 037	2 167	2 306
Depreciation & asset impairment	1 164	9 650	–	10 191	10 484	10 484	–	10 282	10 940	11 640
Finance charges	153	220	251	204	204	204	–	581	618	658
Materials and bulk purchases	1 281	1 450	2 511	1 742	2 015	2 015	–	3 963	4 216	4 486
Transfers and grants	2 017	1 582	2 818	1 890	1 890	1 890	–	1 905	2 027	2 156
Other expenditure	19 933	8 593	12 434	15 709	16 384	16 384	–	18 518	19 703	20 964
Total Expenditure	33 036	31 866	31 527	45 569	46 810	46 810	–	56 158	59 753	63 577
Surplus/(Deficit)	(10 289)	(3 914)	1 252	(14 165)	(15 928)	(15 928)	–	(19 539)	(19 844)	(21 907)
Transfers recognised – capital	7 346	12 098	13 870	14 168	15 928	15 928	–	19 560	20 812	22 144
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
	(2 943)	8 185	15 122	4	0	0	–	21	968	236
Surplus/(Deficit) after capital transfers & contributions										
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(2 943)	8 185	15 122	4	0	0	–	21	968	236
Capital expenditure & funds sources										
Capital expenditure	–	–	–	14 168	15 928	15 928	–	19 560	19 748	21 012
Transfers recognised – capital	9 554	13 679	13 463	14 168	15 928	15 928	–	19 560	20 812	22 144
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–	–
Total sources of capital funds	9 554	13 679	13 463	14 168	15 928	15 928	–	19 560	20 812	22 144

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Financial position										
Total current assets	4 538	5 172	21 739	27 270	–	27 270	5 237	40 793	43 404	46 182
Total non current assets	58 768	136 727	70 564	75 605	–	75 605	12 778	53 088	56 485	60 100
Total current liabilities	6 406	7 761	5 536	7 038	5 158	7 038	3 463	10 708	5 905	6 283
Total non current liabilities	4 569	3 698	3 237	3 059	–	3 059	(953)	2 881	3 065	3 261
Community wealth/Equity	52 331	–	–	91 551	–	91 551	13 235	13 247	–	–
Cash flows										
Net cash from (used) operating	13 192	16 381	16 230	14 675	2 125	14 910	19 337	16 743	17 815	18 955
Net cash from (used) investing	(9 417)	(13 610)	(12 407)	(13 786)	–	(13 786)	(20 291)	(19 560)	(20 812)	(22 144)
Net cash from (used) financing	(875)	(871)	728	(513)	–	(513)	3	(546)	(581)	(618)
Cash/cash equivalents at the year end	3 434	5 334	9 885	4 836	2 125	5 071	(951)	1 098	(2 480)	(6 287)
Cash backing/surplus reconciliation										
Cash and investments available	2 087	1 873	773	4 836	–	4 836	7 302	660	702	747
Application of cash and investments	3 854	5 730	190	(2 825)	5 158	(3 304)	3 460	1 546	(3 843)	(4 090)
Balance - surplus (shortfall)	(1 768)	(3 857)	583	7 661	(5 158)	8 140	3 842	(886)	4 546	4 837
Asset management										
Asset register summary (WDV)	9 554	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment	1 164	9 650	–	10 191	10 484	10 484	10 282	10 282	10 940	11 640
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	810	–	1 351	2 342	–	2 092	2 384	2 384	2 537	2 699
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	0	0	0	0
Revenue cost of free services provided	–	–	–	–	–	–	141	141	149	158
Households below minimum service level										
Water:	1	1	–	0	0	–	1	1	1	1
Sanitation/sewerage:	1	1	–	–	–	–	–	–	–	–
Energy:	2	2	–	–	–	–	2	2	2	2
Refuse:	2	2	–	0	0	–	2	2	2	2

Explanatory notes to MBRR Table A1-Budget Summary

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspective (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts to be considered for approval by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is positive over MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;

- ii. Internally generated funds are financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, indicates that the necessary cash resources are available to fund the Capital Budget

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Over the MTREF there is progressive improvement in the level of cash-backing of obligations.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of service to the poor. The section of Free Service shows that the amount spent on Free Basic Service and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2- Budgeted Financial Performance (revenue and expenditure by standard classification)

NC084 !Kheis - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Revenue – Standard										
<i>Governance and administration</i>		22 873	30 878	36 782	36 186	36 187	36 187	40 782	43 982	45 908
Executive and council		–	–	33 022	–	–	–	–	–	–
Budget and treasury office		22 873	30 878	2 710	34 479	34 478	34 478	37 617	40 615	42 325
Corporate services		–	–	1 050	1 708	1 708	1 708	3 165	3 367	3 583
<i>Community and public safety</i>		–	800	874	819	2 056	2 056	1 755	1 839	1 955
Community and social services		–	800	874	819	2 056	2 056	1 755	1 839	1 955
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		–	–	168	175	175	175	934	994	1 058
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		–	–	168	175	175	175	934	994	1 058
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		7 220	8 372	8 825	8 392	8 392	8 392	12 342	13 131	13 972
Electricity		–	–	–	–	–	–	–	–	–
Water		3 905	4 477	4 629	4 215	4 216	4 215	7 503	7 984	8 495
Waste water management		3 315	2 046	1 851	2 258	2 258	2 258	2 541	2 703	2 876
Waste management		–	1 849	2 345	1 919	1 919	1 919	2 298	2 445	2 601
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	30 093	40 050	46 649	45 572	46 810	46 810	55 813	59 947	62 893

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Expenditure - Standard	-									
<i>Governance and administration</i>		25 796	22 425	24 843	31 149	34 999	34 999	32 562	34 646	36 863
Executive and council		1 746	5 569	2 313	7 149	7 443	7 443	9 225	9 815	10 443
Budget and treasury office		24 050	16 856	20 375	24 000	27 556	27 556	17 619	18 747	19 947
Corporate services		-	-	2 155	-	-	-	5 789	6 084	6 473
<i>Community and public safety</i>		1 550	2 920	847	4 289	3 548	3 548	1 580	1 681	1 789
Community and social services		1 550	2 920	847	4 289	3 548	3 548	1 580	1 681	1 789
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	250	-	-	-	7 866	8 369	8 905
Planning and development		-	-	-	-	-	-	1 742	1 853	1 972
Road transport		-	-	250	-	-	-	759	808	859
Environmental protection		-	-	-	-	-	-	5 365	5 708	6 074
<i>Trading services</i>		5 691	6 521	5 587	10 131	8 263	8 263	13 750	14 630	15 567
Electricity		-	-	-	-	-	-	-	-	-
Water		3 143	3 752	3 709	5 923	4 360	4 360	7 749	8 245	8 773
Waste water management		2 548	2 769	1 878	4 208	3 903	3 903	6 001	6 385	6 794
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure – Standard	3	33 037	31 866	31 526	45 569	46 810	46 810	55 758	59 753	63 124
Surplus/(Deficit) for the year		(2 944)	8 184	15 122	4	(0)	(0)	54	968	(231)

Explanatory notes to MBRR A2- Budget Financial Performance (revenue and expenditure by standard by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile ‘whole of government’ reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised-capital) and so does not balance to the operating revenue on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function’s structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 14 MBRR Table A3- Budget Financial Performance (revenue and expenditure by municipal vote)

NC084 !Kheis - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue by Vote	1									
Vote 1 - 001 : KANTOOR VAN DIE MUNISIPALE BESTUURDER		-	-	-	-	-	-	-	-	-
Vote 2 - DIREKTORAAT: KORPORATIEWE DIENSTE		-	-	-	-	-	-	605	1 012	1 173
Vote 3 - DIREKTORAAT: FINANSIELE DIENSTE		22 873	30 878	4 800	36 178	36 183	36 183	44 864	48 312	50 515
Vote 4 - DIRECTORATE: TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 5 - CLEANING SERVICES		-	-	-	-	-	-	3	3	3
Vote 6 - WASTE		3 315	3 895	4 196	4 176	4 176	4 176	4 838	5 148	5 477
Vote 7 - COUNCIL		-	-	33 022	-	-	-	-	-	-
Vote 8 - WATER MANAGEMENT		3 905	4 477	4 629	4 216	4 216	4 216	4 935	5 251	5 587
Vote 9 - COMMUNITY SERVICES		-	800	1	1 003	2 235	2 235	-	-	-
Vote 10 - TRAFFIC SERVICES		-	-	-	-	-	-	934	994	1 058
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	30 092	40 050	46 649	45 573	46 810	46 810	56 180	60 720	63 813
Expenditure by Vote to be appropriated	1									
Vote 1 - 001 : KANTOOR VAN DIE MUNISIPALE BESTUURDER		-	-	-	-	-	-	1 436	1 528	1 626
Vote 2 - DIREKTORAAT: KORPORATIEWE DIENSTE		-	-	-	-	-	-	5 718	6 084	6 473
Vote 3 - DIREKTORAAT: FINANSIELE DIENSTE		24 050	16 856	18 739	24 000	27 556	27 556	18 019	19 173	20 400
Vote 4 - DIRECTORATE: TECHNICAL SERVICES		-	-	-	-	-	-	1 742	1 853	1 972
Vote 5 - CLEANING SERVICES		-	-	-	-	-	-	5 365	5 708	6 074
Vote 6 - WASTE		2 548	2 769	1 721	4 209	3 903	3 903	6 001	6 385	6 794
Vote 7 - COUNCIL		1 746	5 569	3 901	7 149	7 443	7 443	7 788	8 287	8 817
Vote 8 - WATER MANAGEMENT		3 143	3 752	3 709	5 923	4 360	4 360	7 749	8 245	8 773
Vote 9 - COMMUNITY SERVICES		1 550	2 920	3 456	4 289	3 548	3 548	1 580	1 681	1 789
Vote 10 - TRAFFIC SERVICES		-	-	-	-	-	-	759	808	859
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	33 036	31 866	31 526	45 569	46 810	46 810	56 158	59 753	63 577
Surplus/(Deficit) for the year	2	(2 944)	8 184	15 122	4	(0)	(0)	21	968	236

Explanatory notes to MBRR Table A3- Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality.

Table 15 MBRR A4- Budgeted Financial Performance (revenue and expenditure)

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	595	1 129	1 050	1 708	1 708	1 708	–	3 165	3 367	3 583
Property rates - penalties & collection charges									166	176	188
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	3 009	3 514	3 603	3 417	3 417	3 417	–	4 089	4 351	4 629
Service charges - sanitation revenue	2	2 979	1 389	1 483	1 445	1 445	1 445	–	1 679	1 787	1 901
Service charges - refuse revenue	2	–	1 849	1 978	1 919	1 919	1 919	–	2 298	2 445	2 601
Service charges - other											
Rental of facilities and equipment		496	188	525	484	484	484		514	547	582
Interest earned - external investments		161	305	112	310	310	310		329	44	47
Interest earned - outstanding debtors		775	1 684	1 899	1 767	1 767	1 767		1 707	1 817	1 933
Dividends received											
Fines				13	4	4	4		14	15	16
Licences and permits				3	3	3	3		–	–	–
Agency services		(321)	210	154	171	171	171		930	990	1 053
Transfers recognised - operational		14 517	17 395	21 799	19 771	19 771	19 771		21 277	23 584	24 300
Other revenue	2	536	176	38	23	(500)	(500)	–	451	786	836
Gains on disposal of PPE			114	120	382				–	–	–
Total Revenue (excluding capital transfers and contributions)		22 747	27 952	32 779	31 405	30 882	30 882	–	36 620	39 909	41 669
Expenditure By Type											
Employee related costs	2	6 742	8 880	11 742	14 073	14 073	14 073	–	18 873	20 081	21 366
Remuneration of councillors		1 746	1 490	1 770	1 760	1 760	1 760		2 037	2 167	2 306
Debt impairment	3	14 925	2 155	3 690	5 340				4 926	5 241	5 577
Depreciation & asset impairment	2	1 164	9 650	–	10 191	10 484	10 484	–	10 282	10 940	11 640
Finance charges		153	220	251	204	204	204		581	618	658
Bulk purchases	2	570	732	660	899	899	899	–	899	957	1 018
Other materials	8	711	718	1 851	843	1 116	1 116		3 063	3 259	3 468
Contracted services		–	–	–	–	–	–	–	–	–	–
Transfers and grants		2 017	1 582	2 818	1 890	1 890	1 890	–	1 905	2 027	2 156
Other expenditure	4, 5	5 008	6 438	8 744	10 369	16 384	16 384	–	13 592	14 461	15 387
Loss on disposal of PPE											
Total Expenditure		33 036	31 866	31 527	45 569	46 810	46 810	–	56 158	59 753	63 577
Surplus/(Deficit)		(10 289)	(3 914)	1 252	(14 165)	(15 928)	(17 916)	–	(19 539)	(19 844)	(21 907)
Transfers recognised - capital		7 346	12 098	13 870	14 168	15 928	15 928		19 560	20 812	22 144
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(2 943)	8 185	15 122	4	0	0	–	21	968	236
Taxation											
Surplus/(Deficit) after taxation		(2 943)	8 185	15 122	4	0	0	–	21	968	236
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(2 943)	8 185	15 122	4	0	0	–	21	968	236
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(2 943)	8 185	15 122	4	0	0	–	21	968	236

Explanatory notes to Table A4 – Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R36.6 million in 2014/15 and escalates to R39.9 million by 2015/16. This represents a year-on-year increase of 18.5% for the 2014/15 financial year and 9 % for the 2015/16 financial year.
2. Revenue to be generated from property rates is R3.1 million in the 2014/15 financial year and increases to R3.3 million by 2015/16 which represents 8.7% of the operating revenue base off the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term.
3. Services charges relating to water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R8 million for the 2014/15 financial year and increasing to R8.6 million by 2015/16. For the 2014/15 financial year services charges amount to 22% of the total revenue base and grows by 6.4% per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.
4. Transfers recognised- operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government will increase over the MTREF by 10.8% for the 2015/16 and 3% for the 2016/17 financial year.
5. Bulk purchases inconsistencies have been mainly caused by water distribution losses, hence the need to priorities on repairs and maintenance of infrastructure. We are in process of determining the actual distribution losses.
6. Employee related costs and bulk purchases are main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 16 MBRR Table A5 Budgeted Capital Expenditure by vote, standard classification and funding source

NC084 !Kheis - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Capital expenditure – Vote</u> <u>Multi-year expenditure to be appropriated</u>	2										
Vote 1 - 001 : KANTOOR VAN DIE MUNISIPALE BESTUURDER		-	-	-	-	-	-	-	-	-	-
Vote 2 - DIREKTORAAT: KORPORATIEWE DIENSTE		-	-	-	-	-	-	-	-	-	-
Vote 3 - DIREKTORAAT: FINANSIELE DIENSTE		-	-	-	-	-	-	-	-	-	-
Vote 4 - DIRECTORATE: TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - PUBLIC WORKS		-	-	-	-	-	-	-	6 318	6 722	7 152

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Vote 6 – WASTE		–	–	–	–	–	–	–	4 516	4 805	5 113
Vote 7 – COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 8 - WATER MANAGEMENT		–	–	–	7 344	13 584	13 584	–	7 726	8 220	8 747
Vote 9 - COMMUNITY SERVICES		–	–	–	6 824	2 344	2 344	–	1 000	1 064	1 132
Capital multi-year expenditure sub-total	7	–	–	–	14 168	15 928	15 928	–	19 560	20 812	22 144
<u>Single-year expenditure to be appropriated</u>	2										
Vote 1 - 001 : KANTOOR VAN DIE MUNISIPALE BESTUURDER		–	–	–	–	–	–	–	–	–	–
Vote 2 - DIREKTORAAT: KORPORATIEWE DIENSTE		–	–	–	–	–	–	–	–	–	–
Vote 3 - DIREKTORAAT: FINANSIELE DIENSTE		–	–	–	–	–	–	–	–	–	–
Vote 4 - DIRECTORATE: TECHNICAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - PUBLIC WORKS		–	–	–	–	–	–	–	–	–	–
Vote 6 – WASTE		–	–	–	–	–	–	–	–	–	–
Vote 7 – COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 8 - WATER MANAGEMENT		–	–	–	–	–	–	–	–	–	–
Vote 9 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure – Vote		–	–	–	14 168	15 928	15 928	–	19 560	20 812	22 144
<u>Capital Expenditure – Standard</u>											
<i>Governance and administration</i>		–	–	–	–	–	–	–	–	–	–
Executive and council											
Budget and treasury office											
Corporate services											
<i>Community and public safety</i>		–	–	–	6 824	13 584	13 584	–	–	–	–
Community and social services					6 824	13 584	13 584				
Sport and recreation							–		–	–	–
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		–	–	–	–	–	–	–	6 318	6 722	7 152
Planning and development											
Road transport									6 318	6 722	7 152
Environmental protection											
<i>Trading services</i>		–	–	–	7 344	2 344	2 344	–	7 116	7 572	8 056
Electricity											
Water					7 344	2 344	2 344		7 726	8 220	8 747
Waste water management									–	–	–
Waste management									4 516	4 805	5 113
<i>Other</i>									1 000	1 064	1 132
Total Capital Expenditure - Standard	3	–	–	–	14 168	15 928	15 928	–	19 560	20 812	22 144
<u>Funded by:</u>											
National Government											
Provincial Government											
District Municipality											
Other transfers and grants		9 554	13 679	13 463	14 168	15 928	15 928		19 560	20 812	22 144
Transfers recognised – capital	4	9 554	13 679	13 463	14 168	15 928	15 928	–	19 560	20 812	22 144
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	9 554	13 679	13 463	14 168	15 928	15 928	–	19 560	20 812	22 144

Explanatory notes to Table A5- Budgeted Capital Expenditure by vote, standard classification and funding sources

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi- year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

3. The capital programme is funded from national grants and transfers, public contributions and donations, and internally generated funds from current year surpluses. For 2014/15, capital transfers totals R21.3 million. No borrowing is intended to finance any of the capital budgets during the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding)

Table 17 MBRR Table A6- Budgeted Financial Position

NC084 !Kheis - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Current assets											
Cash		1 418	1 200	113	2 946		2 946	7 302			
Call investment deposits	1	669	673	660	–	–	–	–	660	702	747
Consumer debtors	1	131	3 300	20 966	22 434	–	22 434	–	40 133	42 701	45 434
Other debtors		2 311						(2 065)			
Current portion of long-term receivables											
Inventory	2	9									
Total current assets		4 538	5 172	21 739	25 380	–	25 380	5 237	40 793	43 404	46 182
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	58 768	136 727	70 564	76 278	–	76 278	12 778	53 088	56 485	60 100
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		58 768	136 727	70 564	76 278	–	76 278	12 778	53 088	56 485	60 100

TOTAL ASSETS		63 306	141 899	92 303	101 658	–	101 658	18 015	93 881	99 889	106 282
LIABILITIES											
Current liabilities	-										
Bank overdraft	1										
Borrowing	4	315	315	149	315	–	315	–	862	918	976
Consumer deposits		53						3			
Trade and other payables	4	5 257	7 446	5 387	6 733	–	6 733	(1 698)	4 688	4 988	5 307
Provisions		780									
Total current liabilities		6 406	7 761	5 536	7 048	–	7 048	(1 695)	5 550	5 905	6 283
Non current liabilities											
Borrowing		4 569	3 698	3 237	3 059	–	3 059	(953)	–	–	–
Provisions		–	–	–	–	–	–	–	2 527	2 689	2 861
Total non current liabilities		4 569	3 698	3 237	3 059	–	3 059	(953)	2 527	2 689	2 861
TOTAL LIABILITIES		10 974	11 459	8 773	10 107	–	10 107	(2 648)	8 077	8 594	9 144
NET ASSETS	5	52 331	130 440	83 530	91 551	–	91 551	20 663	85 803	91 295	97 138
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		52 331			91 551		91 551	13 247	13 247		
Reserves	4	–	–	–	–	–	–	(12)	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	52 331	–	–	91 551	–	91 551	13 235	13 247	–	–

Explanatory notes to Table A6- Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councillor and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 47 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits
 - Consumer debtors
 - Property, plant and equipment
 - Trade and other payables
 - Provisions non-current
 - Changes in net assets; and
 - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community
- Any movement on the Budgeted Financial Performance or Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on cash position of the municipality and subsequently

inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption

should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7- Budgeted Cash Flow Statement

NC084 !Kheis - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		4 637	5 273	2 664	4 657	–	4 657	2 303	3 165	3 367	3 583
Government – operating	1	23 582	14 522	18 186	19 771	–	19 771	14 532	21 277	22 639	24 088
Government – capital	1		13 223	15 063	14 168	2 125	16 293	15 993	19 560	20 812	22 144
Interest		161	1 907	2 055	1 194	–	1 194	–	1 749	1 861	1 980
Dividends			–						–	–	–
Payments											
Suppliers and employees		(17 052)	(19 906)	(24 454)	(26 801)	–	(26 801)	(15 381)	(31 493)	(33 508)	(35 653)
Finance charges		(153)	(220)	(102)	(204)	–	(204)		581	618	658
Transfers and Grants	1	2 017	1 582	2 818	1 890			1 890	1 905	2 027	2 156
NET CASH FROM/(USED) OPERATING ACTIVITIES		13 192	16 381	16 230	14 675	2 125	14 910	19 337	16 743	17 815	18 955
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		141	69	56	382	–	382		–	–	–
Decrease (Increase) in non-current debtors											
Decrease (Increase) other non-current receivables											
Decrease (Increase) in non-current investments		(4)			–						
Payments											
Capital assets		(9 554)	(13 679)	(12 463)	(14 168)	–	(14 168)	(20 291)	(19 560)	(20 812)	(22 144)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(9 417)	(13 610)	(12 407)	(13 786)	–	(13 786)	(20 291)	(19 560)	(20 812)	(22 144)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		(180)			7	–	7	3	7	8	8
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(695)	(871)	728	(520)	–	(520)		(553)	(589)	(626)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(875)	(871)	728	(513)	–	(513)	3	(546)	(581)	(618)
NET INCREASE/ (DECREASE) IN CASH HELD		2 900	1 900	4 551	376	2 125	611	(951)	(3 362)	(3 578)	(3 807)
Cash/cash equivalents at the year begin:	2	534	3 434	5 334	4 460	–	4 460	–	4 460	1 098	(2 480)
Cash/cash equivalents at the year end:	2	3 434	5 334	9 885	4 836	2 125	5 071	(951)	1 098	(2 480)	(6 287)

Explanatory notes to Table A7- Budget Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2014/2015 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Table 19 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

NC084 !Kheis - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	1 417	1 735	3 468	2 946	2 125	5 071	(2 841)	183	(4 368)	(9 210)
Other current investments > 90 days		669	137	695	–	(2 125)	(2 125)	10 143	477	5 070	9 958
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		2 087	1 873	773	2 946	–	2 946	7 302	660	702	747
Application of cash and investments											
Unspent conditional transfers		1 720	1 079	–	–	–	–	–	5 158	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	2 134	4 651	190	(2 493)	–	(2 939)	(1 698)	(3 612)	(3 843)	(4 090)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		3 854	5 730	190	(2 493)	–	(2 939)	(1 698)	1 546	(3 843)	(4 090)
Surplus(shortfall)		(1 768)	(3 857)	583	5 439	–	5 885	9 000	(886)	4 546	4 837

Explanatory notes to Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would

be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Table 20 MBRR Table A9 – Asset Management

NC084 !Kheis - Table A9 Asset Management

[illegible]

Infrastructure - Electricity										
Infrastructure - Water		6 392								
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		6 392	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		3 161								
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	9 554	-	-	-	-	-	-	-	-
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		1 164	9 650	-	10 191	10 484	10 484	10 282	10 940	11 640
Repairs and Maintenance by Asset Class	3	810	-	1 351	2 342	-	2 092	2 384	2 537	2 699
Infrastructure - Road transport		-	-	-	250	-	250	1 059	1 127	1 199
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	250	-	-	409	435	463
Infrastructure - Sanitation		1	-	270	-	-	-	344	366	390
Infrastructure - Other		-	-	50	100	-	100	-	-	-
Infrastructure		1	-	320	600	-	350	1 812	1 928	2 051
Community		144	-	515	582	-	582	573	609	648
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	666	-	516	1 160	-	1 160	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		1 974	9 650	1 351	12 533	10 484	12 576	12 667	13 477	14 340
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	47.5%	45.3%	45.3%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	129.2%	125.6%	125.6%	0.0%	0.0%	0.0%
R&M as a % of PPE		1.4%	0.0%	1.9%	3.1%	0.0%	2.7%	4.5%	4.5%	4.5%
Renewal and R&M as a % of PPE		8.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Explanatory notes to Table A9 – Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Table 21 MBRR Table A10 – Basic Service Delivery Measurement

NC084 !Kheis - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		806	806					1 111	1 182	1 258
Piped water inside yard (but not in dwelling)		1 902	1 902		1 732	1 732		2 238	2 381	2 534
Using public tap (at least min.service level)	2	543	543		48			690	734	781
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		3 251	3 251	–	1 780	1 732	–	4 039	4 297	4 573
Using public tap (< min.service level)	3	200	200					250	266	283
Other water supply (< min.service level)	4	433	433		40	40		600	638	679
No water supply										
<i>Below Minimum Service Level sub-total</i>		633	633	–	40	40	–	850	904	962
Total number of households	5	3 884	3 884	–	1 820	1 772	–	4 889	5 202	5 535
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		1 312	1 312		1 214	1 214		1 312	1 396	1 485
Flush toilet (with septic tank)		584	584		888	888		702	747	795
Chemical toilet		5	5		703	703				
Pit toilet (ventilated)		524	524		342	342		1 048	1 115	1 186
Other toilet provisions (> min.service level)		163	163					163	173	185
<i>Minimum Service Level and Above sub-total</i>		2 588	2 588	–	3 147	3 147	–	3 225	3 431	3 651
Bucket toilet		21	21							
Other toilet provisions (< min.service level)										
No toilet provisions		1 274	1 274							
<i>Below Minimum Service Level sub-total</i>		1 295	1 295	–	–	–	–	–	–	–
Total number of households	5	3 883	3 883	–	3 147	3 147	–	3 225	3 431	3 651
<u>Energy:</u>										
Electricity (at least min.service level)		2 377	2 377		2 035	2 035		2 377	2 529	2 691
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		2 377	2 377	–	2 035	2 035	–	2 377	2 529	2 691
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources		1 509	1 509					1 609	1 712	1 822
<i>Below Minimum Service Level sub-total</i>		1 509	1 509	–	–	–	–	1 609	1 712	1 822
Total number of households	5	3 886	3 886	–	2 035	2 035	–	3 986	4 241	4 513
<u>Refuse:</u>										
Removed at least once a week		1 749	1 749		2 388	2 388		1 924	2 047	2 178
<i>Minimum Service Level and Above sub-total</i>		1 749	1 749	–	2 388	2 388	–	1 924	2 047	2 178
Removed less frequently than once a week		16	16					16	17	18
Using communal refuse dump		101	101		5	5		101	107	114
Using own refuse dump		1 921	1 921					1 921	2 044	2 175
Other rubbish disposal										
No rubbish disposal		90	90					90	96	102
<i>Below Minimum Service Level sub-total</i>		2 128	2 128	–	5	5	–	2 128	2 264	2 409
Total number of households	5	3 877	3 877	–	2 393	2 393	–	4 052	4 311	4 587
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per		811	11		1 700	1 700		1 500	1 596	1 698

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month)										
Sanitation (free minimum level service)		811	800		1 700	1 700		1 500	1 596	1 698
Electricity/other energy (50kwh per household per month)		811	811		1 700	1 700		1 500	1 596	1 698
Refuse (removed at least once a week)		811	811		1 700	1 700		1 500	1 596	1 698
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed once a week)										
Total cost of FBS provided (minimum social package)		-	-	-	-	-	-	-	-	-
Highest level of free service provided										
Property rates (R value threshold)								0		0
Water (kilolitres per household per month)								6		7
Sanitation (kilolitres per household per month)								0		0
Sanitation (Rand per household per month)								25		30
Electricity (kwh per household per month)								50		56
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)										
Water								63	67	71
Sanitation								19	20	21
Electricity/other energy								30	32	34
Refuse								21	22	24
Municipal Housing - rental rebates								7	7	8
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	-	-	-	-	-	-	141	149	158

Explanatory notes to Table A10 – Basic Services Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for more households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services.
3. It is anticipated that these Free Basic Services will cost the municipality R1.9 million in 2014/15, increasing to R2 million in 2015/16. This is covered by the municipality's equitable share allocation from national government.

Part 2 – SUPPORTING DOCUMENTATION

2.1 Overview of the annual budget process

In terms of Section 30 of the Municipal Systems Act no 32 of 2000, the *Mayor of a municipality must in accordance with S 29 –*

“(c) Submit the draft plan to the municipal council for adoption by the council, further

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality chaired by the Municipal Manager.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the policy and service delivery priorities set out in the municipality’s IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- That the municipality’s revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan.

The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2013. Key dates applicable to the process were:

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
1	Jun 2013	Assess the 2013/14 IDP & Budget process to address deficiencies, improvements and ensure integration and alignment of processes for 2014/2014 - 2017/2018	IDP Office	IDP Manager & Chief Financial Officer	Internal Process	30 June 2013	Done
2	July 2013	Draft 2014/15 <i>IDP and Budget process time schedule</i> outlining the steps and timeframes for compilation of the 2014/14 IDP, Budget and two outer year's Budget and SDBIP	IDP Office	IDP Manager & Chief Financial Officer	MFMA S21(1)(b)	15 July 2013	Done and submitted to Council
3		Municipal Strategic Session to deliberate on (a) the 20/ 30 year Spatial Development Plan (SDP) and (b) high level strategic issues to redefine Council's short term Strategic Agenda to implement SDP.	Office of the MM	Municipal Manager Directors Executive Mayor Exco Members	Internal Process	19 and 20 July 2013	Done, process also started with Consultants appointed by CoGTA
4		Attend District IDP Managers Forum Meeting-Discuss outcomes of IDP and Budget Assessments, Challenges and District Interventions i.t.o IDP and budget planning for the review process.	IDP Office	IDP Manager	Internal Process	23 July 2013	Done
5		Ward Committee Meetings to review the prioritisation of community needs in approved IDP and discuss the process for developing Neighbourhood Plans: Communicate final approved 13/14 Budget, Tariffs and IDP to Ward Committees.	Office of the Speaker	Speaker	MSA	24 July 2013	Done through public participation process
6		Consider MEC comments and recommendations on assessment of initial IDP Document and IDP processes followed.	IDP Office	Municipal Manager Directors IDP Manager	MSA S21	31 July 2013	
7	Jul 2013	Signing of 2014/15 performance contracts for Section 57 Managers and Submission to the Mayoral Committee Signing of lower levels staff performance agreements.	Office of the MM	Municipal Manager	MFMA S53(1)(c)(iii)	31 July 2013	Contracts had been signed by all parties
8		Prepare and finalise Departmental Plans	All Departments	Municipal Manager	Internal Process	31 July 2013	Done through SDBIP

				Directors			
9		Final Section 57 Managers 2013/14 Performance Assessments Final Performance Assessments of lower level staff	MM	Municipal Manager Executive Mayor	MSA and MFMA	31 July 2013	Outstanding
10		Finalise logistic processes in respect of each of the IDP and budget meetings and table a business plan to Management in this regard.	IDP Office	IDP Manager	Internal Process	31 July 2013	Done, with process plan
11		Convene IDP and Budget Steering Committee Meeting. (Dry Run) Final Discussion of Public Participation Meeting Processes.	IDP Office	IDP Manager	MSA Ch 5	8 August 2013	Done, programme submitted to all Councillors
12		Operational Budget: Salary/Wages schedules to Directors for scrutiny & Corrections	BTO	CFO Directors	Internal Process	17 August 2013	Done
13		IDP Public Participation Meetings. Communicate Capital Projects per Ward on 14/15 budget, Reconfirm / review service deliver/development priorities.	IDP Office Office of the Speaker	IDP Manager Directors Speaker Ward Councillors Mayor	MSA Ch5 S29	20 – 23 August 2013	Done
14	Aug 2013	Consult Sector Departments to establish programme/Projects for 5 years – Inter-governmental engagements on IDP and Budget	IDP Office BTO	IDP Manager CFO	MSA Ch5 S24	27 – 29 August 2013	Done, meeting held at Municipal library office
15		Adjustment of Budget Rollovers; changes on SDBIP and KPI'S as per Adjustment Budget	BTO Corporate Services	CFO Director Corporate Services	MFMA S28 MBRR S23	31 August 2014	No Adjustment budget for 2012/13
16		Tabling of and briefing Council on the Draft 2014/15 IDP/Budget Process Plan for approval, including time schedules for IDP/Budget Public participation meetings.	IDP Office BTO	IDP Manager Chief Financial Officer	MFMA S21(1)(b)	31 August 2013	Done

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
17	Sep 2013	Advertise the budget process and dates of IDP/Budget Public meetings on Municipal Website, Municipal Newsletter and Local Newspapers	IDP Office	IDP Manager Municipal Manager	MSA and MFMA	3 September 2013	Only on the notice board of the Municipality
18		Attend District IDP Managers Forum Meeting. Develop uniform guidelines for IDP/Budget review.	IDP Office	IDP Manager Municipal Manager	Internal Process	3 September 2013	Done
19		Forward adjustment budget (hard and electronic copies) to National Treasury and Provincial Treasury after approval.	BTO	CFO	MFMA S28(7)	3 September 2013	No Adjustment budget
20		Review of Municipal Strategic Plan Workshop with Council: Review Municipal KPA and Strategic Objectives	Office of the MM	Municipal Manager Directors Council	Internal Process	3 – 28 September 2013	Not done
21		Operational Budget: Salary/Wages schedules with corrections and recommendations to be returned to Finance Department	All Departments	Directors CFO	Internal Process	28 September 2013	Done
22		Attend Quarterly Provincial IDP Manager Forum Meeting in preparation for IDP Indaba 2	IDP Office	IDP Manager	Internal Process	28 September 2013	Did not attend
23	Oct 2013	Two Day Neighbourhood Development Session with Wards to prepare Draft Neighbourhood Development Plans	IDP Office	IDP Manager	Internal Process	1 & 2 October 2013	Done
24		Directorates to be provided with the previous financial year 5 year Capital Plan in order to be able to indicate any changes that need to be made and identify any new projects that needs to be added for the compilation of the Draft Capital Budget	BTO	CFO Directors	Internal Process	5 October 2013	Done
25		Ward Committee Meetings: Discuss, scrutinise community needs as outcome of IDP/ Budget public engagement sessions to IDP forum. (IDP forum consolidate requests from all wards where after projects prioritized in line with available funding over five year period) Escalate	IDP Office	IDP Manager	MSA	8 – 12 October 2013	

		community needs relating national/provincial mandates to relevant organ(s) of state					Done
Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
26	Oct 2013	Review and costing of municipal rates and tariffs. Preparation of tariffs and bulk resource (water (WaterBoard), electricity (NERSA), etc.) engagement documentation. Directors to be provided with the previous year's operating expenditure / income actual and current year projections to be used as a base for new Operating Budget. (CFO will further submit budget guidelines to Budget Steering Committee for approval. Guidelines to include deadline dates by which Directorates have to meet as well as submission of requests per line item with a zero based budget)	BTO	CFO Directors Budget Steering Committee	Internal Process	15 October 2013	Still under process
27		Attend District Stakeholders Engagement Session to inform Sector Departments and Stakeholders of IDP/Budget needs analysis.	IDP Office	IDP Manager	Internal Process	16 October 2013	Done
28		Table Revised Strategic Plan in Council for approval	Office of the MM	Municipal Manager	Internal Process	30 October 2013	Done
29		Review Municipal Spatial Development Framework	Planning and Development	Director Planning and Development	Internal Process	31 October 2013	Done
30		Submit Quarterly Report (July 2014 – September 2014) on implementation of budget and financial state of affairs to Council	Office of the MM	Executive Mayor	MFMA S52(d)	31 October 2013	Done and submitted to Council
31		Engagements with Provincial Government regarding any adjustments to projected allocations for next 3 years in terms of the MTREF	BTO	CFO Directors	MFMA S28	31 October 2013	Done
32		Updating and review of strategic elements of IDP in light of the focus of Council	IDP Office	IDP Manager	MSA	31 October 2013	Done

33	Nov 2014	Operational Budget: Income / Expenditure inputs and statistics to be returned to Budget Office	All Departments	Directors	Internal Process	19 November 2013	Done and finalised
34	Nov 2013	Directors Identify/Create Projects as outcome of the prioritisation of development needs during IDP public engagements sessions within projected budget allocations.	All Departments	CFO Directors	MSA	5 – 23 November 2013	Done
35		Convene IDP/ Budget Steering Committee Meeting: Identify projects per Ward with Budget Allocations; prioritise implementation and integration where possible.	IDP Office	IDP Manager IDP Steering Committee	MSA	23 November 2013	Done
36		Review Municipal Strategies, objectives, KPA's, KPI's and targets. - Identification of priority IDP KPI's incorporate in IDP and link to budget	IDP Manager	IDP Steering Committee CFO	MSA and MFMA	1 – 30 November 2014	Done
37		Capital Budget: Inputs from the different Directorates to be returned to the Budget Office	All Departments	Directors	Internal Process	30 November 2013	Done
38		Executive management articulates outcomes, objectives, priorities and outputs desired for next three years and submit capital budget project proposals for draft IDP Review document to Budget Office	All Departments	Budget Steering Committee Executive Management	Internal Process	30 November 2013	Done
39		Based on financial statements of 2011/12 determine municipality's financial position & assess its financial capacity & available funding for next three years	BTO	CFO	Internal Process	30 November 2013	Audit action plan for 2012/13, waiting on report for compilation 2013/14 action plans
40		Finalise Salary Budget for 2014/2015	BTO	CFO	Internal Process	30 November 2014	Done
41		Submit Bulk Resource documentation (water (Water Board), electricity (NERSA)) for consultation on municipal tariffs for 2014/15 and the two outer Budget years.	BTO	CFO	Internal Process	30 November 2014	Done by Technical

							Department
42	Dec 2013	Finalise preliminary projections on operating revenue and expenditure budget for 2014/2015	BTO	CFO	Internal Process	10 December 2014	Done
43	Dec 2013	Convene IDP Representative Forum Meeting to give feedback and discuss outcome of Budget steering committee meeting	IDP Office	Municipal Manager IDP Manager CFO	MSA	14 December 2013	Done
44	Dec 2013	Workshop 1: draft IDP, Budget and proposed tariffs and SDBIP with Council. Provide progress update to council against IDP/Budget process schedule and obtain approval for any adjustments to process.	IDP Office	Mayor Municipal Manager IDP Manager CFO	MFMA & MSA	Late November/ early December 2013	Section 72
45		Finalise expenditure on operational budget for the budget year and two outer years.	BTO	CFO	Internal Process	21 December 2013	Section 72
46		Conclusion of Sector Plans and integration into the IDP document	IDP Office	IDP Manager	MSA	21 December 2013	Done
47		Finalise departmental Plans and link to IDP	All Departments	IDP Manager Directors	MSA	21 December 2013	Done
48	Jan 2014	Request and/ or follow-up with Water Board/ NERSA/ other Bulk Service providers for feedback on proposed municipal 2014/15 – 2015/16 tariffs and engagement documentation submitted in Nov 2014	BTO	CFO	MFMA	15 January 2014	Outstanding
49		Submit Draft IDP, Budget and SDBIP to Director Corporate Services with proposed schedule of Ward Committee Meetings for post IDP & Budget Feedback & Consultation Process	IDP Office	IDP Manager	MSA	18 January 2014	Done
50		Executive Management finalise the draft IDP & Capital Budget for referral to IDP & Budget Steering Committees. Processes to be followed to be clearly set out in municipality's budget management and implementation	Office of the MM	Municipal Manager Directors	Internal Process	21 January 2014	Done

		policy.					
51		Tabling of 2014/14 Mid-Year Assessment (to potentially influence 2014/14) to Council	Office of the MM	Municipal Manager Directors	MFMA S72	25 January 2014	Done
52		Meetings and formal consultation with Bulk Service Providers (ESCOM and relevant Water Board on bulk purchase price increase assumptions	BTO	CFO	MFMA S23	28 & 29 January 2014	Still outstanding
53		Submit Quarterly Report (Oct 2014 – Dec 2014) on implementation of budget and financial state of affairs to Council. Consider combining with MFMA S. 72 mid-year performance assessment.	Office of the MM	Executive Mayor	MFMA S52(d)	30 January 2014	Done
54		Tabling of 2012/13 Annual Report to Council	Office of the MM	Municipal Manager	MFMA S127(2)	31 January 2014	Done
55		Convening Budget Steering Committee Meeting for the purpose to discuss and prioritise draft Capital projects for the next three years	Office of the MM	Budget Steering Committee	MSA S29	31 January 2014	Outstanding
56	Jan 2014	Final review of municipal strategies, objectives, KPA's, KPI's and targets	IDP Office	IDP Manager IDP Steering Committee	Internal Process	31 January 2014	Outstanding
57		Review all budget related policies	BTO	CFO	MBRR 7	2 - 31 January 2014	Busy
58		Adjustment Budget: Finalise Capital and Operational budget projections for 2014/2015	BTO	CFO	MBRR 21	31 January 2014	Busy
59		Submit Annual Report to Auditor General, Provincial Treasury and COGTA	Office of the MM	Municipal Manager	MFMA S(127)(5)(b)	1 February 2014	Done
60	Feb 2014	Directors Identify projects and forward local Budget Needs priorities to ZF Mgacwu. Project alignment between ZF Mgacwu and !Kheis Local Municipality	All Departments	Directors	Internal Process	1 – 8 February 2014	In process
61		Ward Committee Meetings: Discuss and brief Ward Committees on Council's revised strategic plan, Strategic Objectives and envisaged deliverables.	IDP Office	IDP Manager	Internal Process	4 – 13 February 2014	Programme already submitted to Council

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62		Review tariffs and charges and determine affordable tariffs and finalise income budget.	BTO	CFO	MFMA s20	15 February 2014	Busy
63	Feb 2014	Attend Provincial IDP INDABA Incorporate Sector Departments Projects in Draft IDP.	IDP Office	IDP Manager Directors	Internal Process	20 February 2014	Waiting for invite
64		Municipalities receive inputs from National and Provincial Government and other bodies on factors influencing the budget, e.g. Grant Allocations	Office of the MM BTO	Municipal Manager CFO	MFMA21(2)(c)	15 – 22 February 2014	Waiting on DORa report
65		Attend District IDP Managers Forum Meeting to discuss the alignment of IDP Strategic Development Goals with ZF Mgcawu DM. Draft IDP Presentations.	IDP Office	IDP Manager	Internal Process	25 February 2014	Busy
66		Present Draft IDP and Budget to Steering Committees for quality check	IDP Office BTO	IDP and Budget Steering Committees	MBRR S4	27 February 2014	Busy
67	Feb 2014	Submit first draft IDP to ZF Mgcawu DM for Horizontal Project alignment between the ZF Mgcawu DM and !Kheis Local Municipality	IDP Office	IDP Manager	Internal Process	28 February 2014	
65		Table Adjustment Budget to Council for approval	Office of the MM	Municipal Manager	MBRR S23	28 February 2014	
66		Amend IDP, SDBIP, KPI's and performance agreements i.t.o adjustment budget	Office of the MM	Municipal Manager Directors	MFMA 28	28 February 2014	
67	March 2014	Present Draft IDP and Budget to Steering Committees for quality Check (Including recommendations / adjustments made at meetings of 27 February 2014)	IDP Office BTO	IDP and Budget Steering Committees	MBRR 4	6 March 2014	
68		Workshop 2: draft IDP, Budget and proposed tariffs and SDBIP with Council. Provide progress update to council against IDP/Budget process schedule and obtain approval for any adjustments to process.	IDP Office BTO	IDP Manager CFO	Internal Process	11 & 12 March 2014	
69		Forward Adjustment Budget (hard and electronic copies) to National and Provincial Treasury after approval	BTO	CFO	MBRR 24	14 March 2014	
70		Publication of approved Adjustment Budget after approval per MSA and on	BTO	CFO	MBRR 26	14 March	

		municipal website				2014	
71		Municipal Manager presents final draft IDP, Budget, SDBIP and Budget related policies to the Mayor for perusal and tabling to Council	Office of the MM	Municipal Manager	Internal Process	18 March 2014	
72		Municipal Manager submit draft IDP, Budget, and Related Policies to Director Corporate Services for inclusion in Council Meeting Agenda	Office of the MM	Municipal Manager	Internal Process	20 March 2014	
73		Table (<i>and briefing of council</i>) draft IDP, Budget, SDBIP and Related policies and proposed schedule of Ward Committee Meetings for IDP & Budget Feedback/Consultation Process to Council (Principal Approval)	Office of the MM	Municipal Manager	MFMA S16	28 March 2014	
74	Mar 2014	Training workshop for councillors to equip councillors for Public participation meetings.	Office of the MM	Municipal Manager And Sec 57 Managers, etc.	MFMA	29 March 2014	
74		Council to Consider and adopt an oversight report on 2011/12 Annual Report					
75	April 2014	Advertise & Inviting public comments on Draft Budget, Proposed Tariffs, and IDP Place copies of Draft Budget and IDP at all municipal buildings.	Corporate Services BTO	Director Corporate Services CFO	MBRR S15 MFMA S22	2 April 2014 (Advertise) 2 – 26 April 2014 (public comments)	
76	April 2014	Forward Copy of preliminary approved Budget ,IDP, SDBIP & related documents (hard and electronic copies) to National & Provincial Treasury – 10 working days after tabling	Office of the MM	CFO IDP Manager	MFMA S22(b)	12 April 2014	
77		Attend District IDP Managers Forum-Present Draft IDP for input.	IDP Office	IDP Manager	Internal Process	16 April 2014	
78		Public Consultation Meetings: Feedback / Consultation on preliminary approved IDP & Budget (Details as per Annexure A)	Office of the MM	Municipal Manager Directors	MBRR S15 MFMA S23	15 – 22 April 2014	

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79		Engagement with the Provincial Treasury on draft budget benchmark	Office of the MM	Municipal Manager	MFMA Ch 5	24 April 2014	
80		CFO and Director Corporate Service analyse public and Ward Committee comments and inputs on Draft IDP and Budget and prepare recommendations for Council's perusal	Corporate Services BTO	CFO Director Corporate Services	MBRR S16(1)(a)	30 April 2014	
81		Submit Quarterly Report (Jan 2014 – Mar 2014) on implementation of budget and financial state of affairs to Council	Office of the MM	Executive Mayor	MFMA s52(d)	30 April 2014	
82	May 2014	Council considers public and Government Departments comments and inputs and revised IDP, Budget and SDBIP if necessary.	Office of the MM	Municipal Manager	MBRR 16(1)(a)	2 – 10 May 2014	
83		Present Final IDP, Budget and final draft SDBIP to Steering Committees for quality Check (Including recommendations made by all stakeholders and Council)	IDP Office BTO	IDP and Budget Steering Committees	MBRR 4	14 and 15 May 2014	
84	May 2014	Table final IDP, budget & related documents to Council for approval.	Office of the MM	Municipal Manager	MFMA S24(1)	31 May 2014	
85	June 2014	Inform local community on approved IDP and Budget Detail – Place Newspaper Article and Copies at Libraries	Office of the MM	Municipal Manager	MBRR S18	3 June 2014	
86		Send copy of approved Budget, IDP, & related documents (incl. final draft SDBIP) to National and Provincial Governments and other stakeholders Ensure Signed Quality Certificate as per S5 of MBRR is also attached.	IDP Office BTO	CFO IDP Manager	MFMA S24(3)	14 June 2014	
87		Publication of Approved Budget and IDP within 10 workings days on Municipal Website	BTO IDP Office	CFO IDP Manager	MFMA S75(1)(a)	14 June 2014	
88		Submit draft SDBIP to Mayor within 14 days after approval of budget	Office of the MM	Municipal Manager	MFMA S69(3)(a)	14 June 2014	
89		Mayor approves the municipality's SDBIP within 28 days after the approval of the budget and submit hard and electronic copy to NT and PT	Mayor's Office	Executive Mayor	MFMA S(53)(1)(c)(ii)	28 June 2014	
90		Place approved IDP, budget, SDBIP and related documents on CD for all councillors and distribute.	IDP Office	IDP Manager	Internal Process	28 June 2014	

IDP and Budget Process

Due to the political instability meetings could not be convened.

Political and management oversight of the budget compilation process and more specifically.

IDP Representative Forum – This forum represents all stakeholders and is inclusive as possible. Efforts will be made to bring additional organizations into the IDP RF and ensure their continued participation throughout the progress.

IDP and Budget Steering Committee – Oversee the alignment of the planning process with the district framework.

Determination of priorities/projects

Through public participation needs and priorities are identified.

Newspapers will inform the community of the progress of the IDP

The website will also be utilized to communities and inform the community. Copies of the IDP and the Budget will be placed on the website for people and service providers to download.

Alignment of municipal priorities with National, Provincial and sector priorities.

The municipality used the conditional grants as published in the 2013 Division of Revenue bill and the 2013 Northern Cape appropriation bill for the Financial Performance budget and the Financial Capital budget. Projects identified and priorities in the 2014/15 reviewed IDP were budgeted for in the capital budget.

The following projects were approved to be funded out of MIG

- Development of UDS toilets in all towns R 4 516 095
- Upgrading of internal streets in Brandboom R 2 302 664
- Upgrading of internal streets in Sternham R 4 015 239
- An amount of R 365 000 is carried over from previous years which represent a donation from the National Lottery to build a Sport field in Brandboom.
- No business plan was approved yet for the allocation of R 1 million from EPWP as gazetted in the division of revenue bill.
- Installation of water metres in Sternham R 2 600 000

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the second review of the IDP as adopted by the new Council that was elected in May 2013. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF in August.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and Deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/2014 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

5ith the compilation of the 2014/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2013/2014 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

The Draft Service Delivery and Budget Implementation Plan (SDBIP) with Draft Performance Agreements will be submitted to the Mayor after the approval of the Draft IDP and Budget; and the final SDBIP will be tabled to Council for approval with the Performance Agreements on the 30 May 2014 with the final IDP and Budget.

2.1.3 Financial Modelling and Key Planning Drivers

5As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/2014 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 has been taken into consideration in the planning and prioritisation process.

2.2 Overview of alignment of annual budget with IDP

The constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;

- Provincial Growth and Development Strategies (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

Priority Issues	Objectives	Strategies
Lack of a well organized and effective systems and implemented policies and plans to manage and serve the whole Municipal Area	To improve the capacity within the Municipality as well as to establish effective systems for management and rendering of sustainable services to the Community of !Kheis Municipality, by December 2014.	The restructuring of the human resources at the Municipality, including staff training and appointment of additional staff Upgrading of the Administrative and Financial systems, including training on how to use these systems Compilation of necessary strategic plans and policies to guide management and operations
2. Lack of proper and sufficient water provision	To provide access for all the resident of !Kheis Municipality, to clean drinking water, according to RDP standards, by December 2013.	Provision of bulk water reservoirs, Provision of external water supply Upgrading of existing water networks and sanitation systems
3. Lack of proper and sufficient accommodation/ housing	To provide 500 plots to communities within the whole !Kheis Municipal Area by September 2013 Provide 76 houses to communities like Grootdrink, Topline, Wegdraai, Boegoeborg and Sternham by June 2014	Provision of basic serviced sites Provision of low-cost housing Provision of alternative housing schemes
4. Lack of good quality roads infrastructure, including storm water systems as well as efficient transport system	To improve road infrastructure in the whole municipal area on an annual basis, in order to make communities more accessible to all residents, as well as to make public transport more efficient.	Development of storm water systems Upgrading of roads and streets infrastructure Development of new roads and streets Maintenance of existing roads and streets infrastructure
5. Lack of proper and sufficient sanitation and sewerage systems to all residents	To provide access for all the resident of !Kheis Municipality, to sanitation and sewerage systems, according to RDP standards, by June 2014 To legalise all existing landfill sites in !Kheis Municipality by December 2014 To development an additional landfill site in !Kheis Municipality according to the demand	Provision of sanitation up to the minimum NTOD standard Upgrading of current sewerage systems
6. Low levels of skilled people as well as high levels of poverty and unemployment	To create an environment in which to empower the Community through capacity building and skills development, as well as for economic growth relating to the agricultural, mining and tourism sector, in order to reduce unemployment and poverty with at least 5%, by June 2016	Capacity Building of small and emerging farmers Capacity building of youth Skills Development programmes Provision of necessary agricultural infrastructure and improved livestock production Possible establishment of agri-industries to add value to agricultural products Determining possibilities of mining in the area Development, integration and management of the tourism industry
7. Lack of quality health and emergency services and facilities	To provide access to good quality health and emergency services for all the residents of !Kheis Municipality, by June 2015.	Upgrading and improvement of health facilities and emergency services Provision of new services Equipping / capacity building of health personnel
8. Lack of sufficient cemeteries.	To provide proper cemetery facilities in all wards of !Kheis Municipality by June 2015.	Upgrading of existing cemeteries Development of new cemeteries
9. Proper planning and development of Opwag	The township establishment of Opwag by June 2015, in order to plan and develop the towns to their full potential.	Township Establishment of Opwag
10. Lack of sport and recreation facilities	To provide access to good quality Sport and Recreation facilities for all the youth and the rest of the community of !Kheis Municipality, by 2015.	Upgrading of existing sport and recreation facilities Provision of new sport and recreation facilities
11. Lack of sufficient and	To Provide sufficient and effective access to communication	Upgrading of existing communication networks and systems

effective telecommunication systems	systems to all residents of the !Kheis Municipality by June 2014.	Establishment of new communication systems and networks, i.e. Cellphones
12. Lack of electricity provision to all residents	To provide access to electricity for all residents of !Kheis Municipality by June 2015.	Provision of electricity networks to those areas without networks Erection of street lights in areas where needed

Needs and issues as identified by the IDP Representative Forum during this Draft IDP Phase:

Noted that a final IDP Public Participation Process will take place in May 2014 in the various areas of !Kheis Municipality. However it is been envisage that more of the community priority needs may be added.

Issues as agreed upon by the IDP Steering Committee as well as IDP Representative Forum, for the Draft IDP Process in !Kheis Municipality are as follows:

- Lack of a well organized and effective systems and implemented policies and plans to manage and serve the whole Municipal Area
- Lack of proper and sufficient water provision in some of the areas
- Lack of proper and sufficient accommodation / housing
- Lack of good quality roads infrastructure, including storm water systems as well as efficient transport system
- Lack of proper and sufficient sanitation and sewerage systems to all residents
- Low levels of skilled people as well as high levels of poverty and unemployment
- Lack of quality health and emergency services and facilities
- Lack of sufficient cemeteries to cater for the increasing mortality rate
- Proper planning and development of Opwag
- Lack of sport and recreation facilities in some of the areas
- Lack of sufficient and effective telecommunication systems
- Lack of electricity provision to some residential areas

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the 12 strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development to path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into twelve strategic priority areas as outlined below:

- Water and Sanitation
- Land and Housing
- Electricity
- Local Economic Development

- Transport Roads and Storm water
- Institutional development and financial viability
- Waste Management Health and environment
- Community participation and communication
- Disaster management
- Social development
- Safety
- Sports arts and culture

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes.

More emphasis was placed on area based interventions, within the overall holistic framework;

- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 – Reconciliation between the IDP strategic objectives and budgeted revenue

NC084 !Kheis - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Sustainable Services	Water		2	3 905	4 477	4 629	4 216	4 216	4 216	7 402	7 876	8 380
Sustainable Services	Water & Waste Water Management			3 315	3 895	4 196	4 176	4 176	4 176	1 445	1 538	1 636
Sustainable Services	Public Works Roads & Stormwater							–	–		–	–
Good Governance	Financial Management			23 194	30 669	3 582	36 003	36 003	36 003	36 138	38 451	40 912
Good Governance	Executive and Council Traffic				800	1 052	1 003	1 003	1 003	7 365	7 836	8 338
Good Governance				(321)	210	168	175	175	175	934	994	1 058
						33 022		–	–		–	–
Allocations to other priorities				2								
Total Revenue (excluding capital transfers and contributions)			1	30 093	40 051	46 649	45 573	45 573	45 573	53 285	56 695	60 324

Table 24 MBRR Table SA5 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC084 !Kheis - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Sustainable Services	Water		1	3 143	3 752	3 709	5 923	5 923	5 923	7 090	7 544	8 027
Sustainable Services	Water & Waste Water Management			2 548	2 769	1 721	4 209	4 209	4 209	3 995	4 250	4 522
Sustainable Services	Public Works Roads & Stormwater							–	–	3 895	4 144	4 409
Good Governance	Financial Management			24 050	16 856	18 739	29 289	29 289	29 289	16 930	18 014	19 167
Good Governance	Executive and Council			1 746	5 569	3 901	7 149	7 149	7 149	17 858	19 000	20 216
Good Governance	Traffic							–	–	759	808	859
Allocations to other priorities												
Total Expenditure			1	31 487	28 946	28 070	46 570	46 570	46 570	50 527	53 760	57 201

Table 25 MBRR Table SA6 – Reconciliation between the IDP strategic objectives and budgeted capital expenditure

NC084 !Kheis - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Infrastructure	Water	A	3	6 392								
Infrastructure	New Erven	B										
Infrastructure	Housing	C										
Infrastructure	Roads & Stormwater	D				5 504	5 824	5 824	5 824			
Infrastructure	Water & Water Waste Management	E		595	8 169	6 796	7 344	7 344	7 344	1 445	1 538	1 636
Infrastructure	Public Works	F						–	–	1 300	1 383	1 472
Infrastructure	Community and Social Services	G				1 000	1 000	1 000	1 000	1 000	1 064	1 132
Infrastructure	Sport and Recreation	H			2 482	4 235	365	365	365	–	–	–
Sustainable Services	Water	I						–	–	7 726	8 220	8 747
Sustainable Services	Water & Water Waste Management	J						–	–		–	–
Good Governance	Financial Management	K			2 562	3 027		–	–	19 445	20 690	22 014
Good Governance	Executive and Council	L			5			–	–			
Allocations to other priorities				1								
Total Capital Expenditure				1	9 554	13 678	17 535	14 533	14 533	14 533	30 917	32 895

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly to individual employee's performance.

At any time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

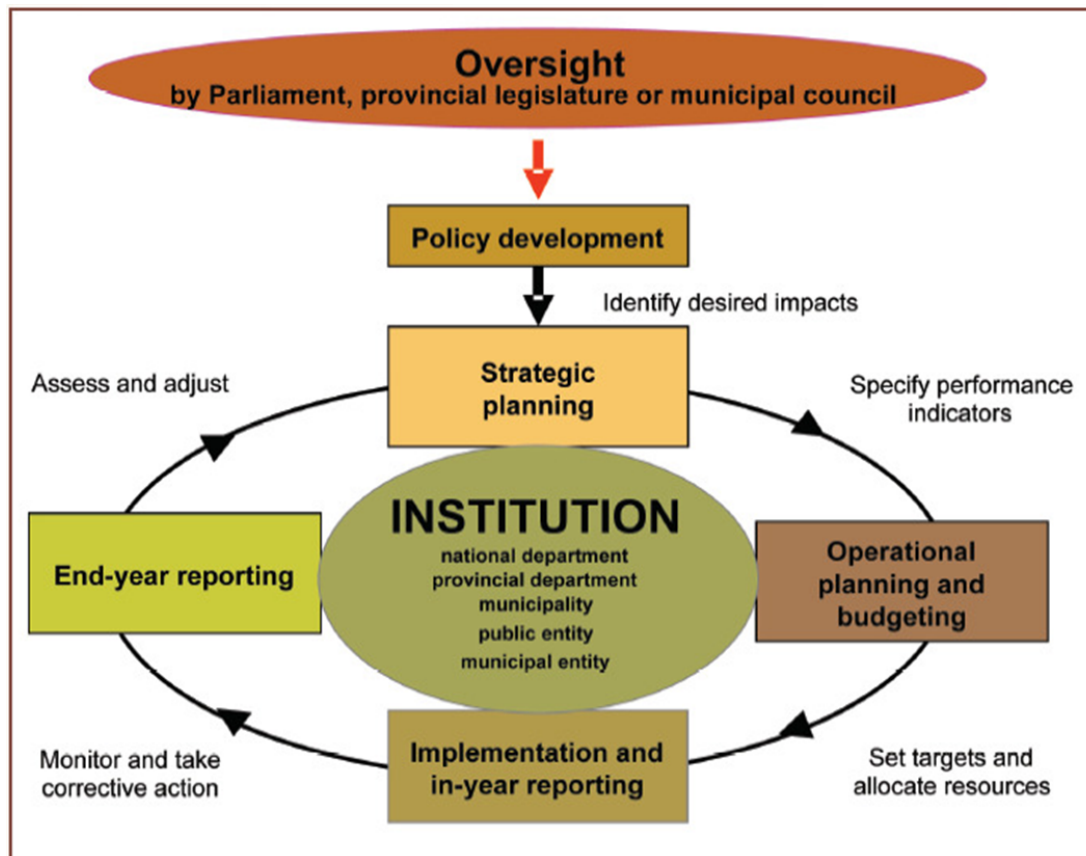


Figure 1 Planning, Budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purposes); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury

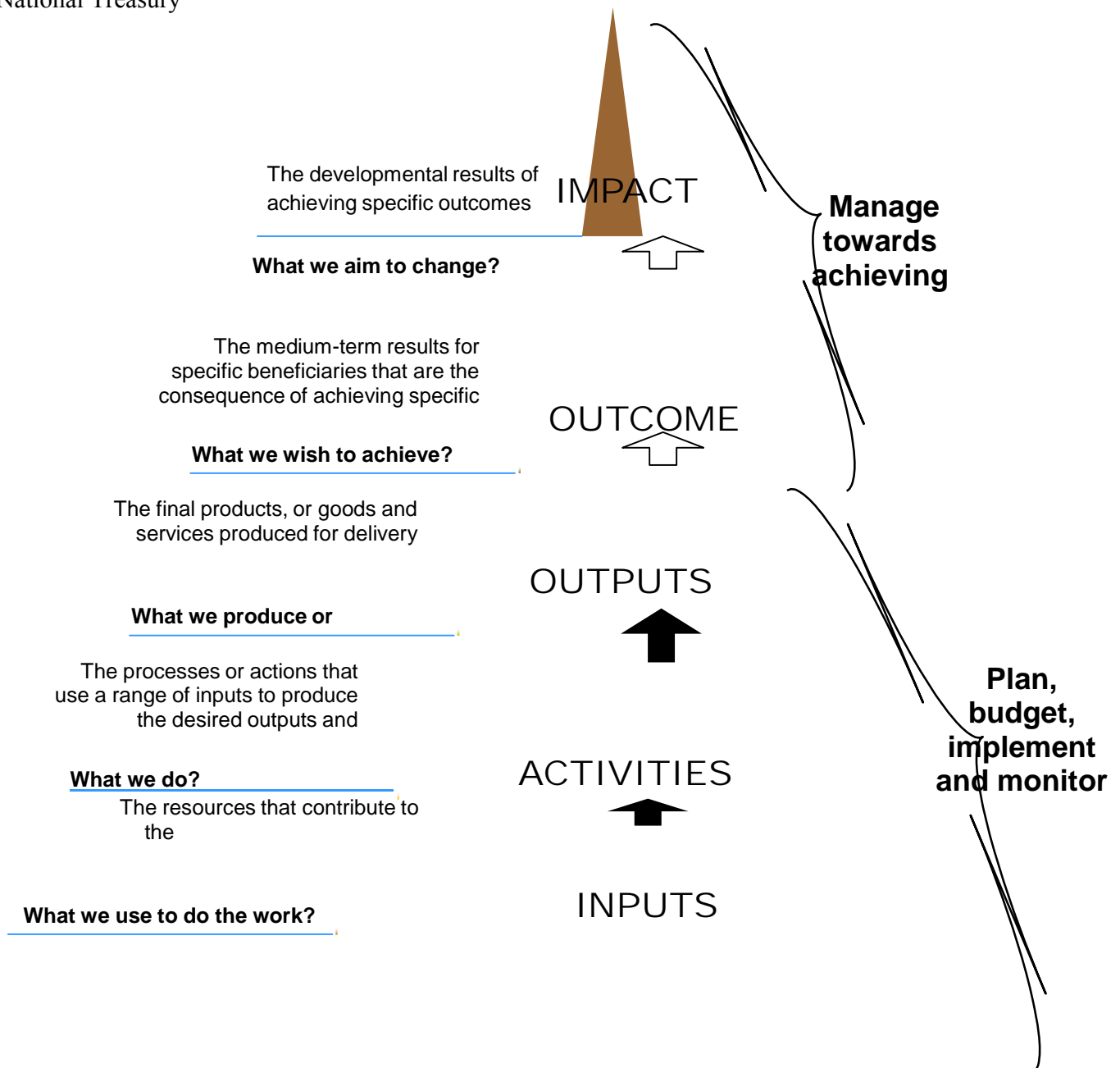


Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 26 MBRR Table SA7 – Measurable Performance objectives

The information is not available at this stage and will be included after the approval of the SDBIP.

The following table sets out the municipalities main performance indicators and benchmarks for 2013/14 MTREF.

Table 27 MBRR Table SA8 – Performance indicators and benchmarks

NC084 !Kheis - Supporting Table SA8 Performance indicators and benchmarks

[illegible]

Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.6%	31.8%	35.8%	44.8%	45.6%	45.6%	0.0%	52.1%	51.3%	52.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.2%	33.9%	30.1%	49.3%	50.1%	50.1%		64.6%	63.7%	65.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.6%	0.0%	4.1%	7.5%	0.0%	6.8%		6.6%	6.5%	6.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.8%	35.3%	0.8%	33.1%	34.6%	34.6%	0.0%	30.0%	29.5%	30.2%
<u>IDP regulation financial viability indicators</u>	-										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	3.0	8.0	6.4	-	-	-	-	6.3	6.3	6.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	34.5%	40.9%	242.7%	263.9%	0.0%	263.9%	0.0%	336.9%	336.9%	336.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.6	1.2	1.6	1.4	1.0	2.4	-	0.3	(1.0)	(2.3)

2.3.1 Performance indicators and benchmarks

2.3.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, !Kheis Local municipality borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio remains negligible because of the minimal amount of borrowing the municipality is carrying.
- Capital charges to operating expenditure are a measure of the cost borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased. The cost of borrowing is expected to continue falling to below 1% over the MTREF as loans are repaid.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

2.3.1.1 Safety of Capital

- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.

2.3.1.2 Liquidity

- Current ratio is a measure of the current assets dividend by the current liabilities. For the 2014/2015 MTREF the current ratio is 0.6 and in the 2015/2016 budgeted financial year and for the two outer years of the MTREF it remains on 0.6 as to 1. Going forward it will be necessary to improve on this rate. This is below the benchmark ratio because of the excessive provision for bad debts that we are still going to review.
- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations

2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash flow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intension of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.4 Creditors Management

The municipality strive to pay all creditors within the legislated 30 days of invoice. There is currently a dispute between the municipality

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. Only registered indigents qualify for the free basic services.

For the 2014/15 financial year more indigents have been provided for in the budget. In terms of the Municipality's indigent policy (attached as Annexure 4) registered households are entitled to 6kl free water, free sanitation and free waste removal equivalent to once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic service, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 24 MBRR A10 (Basic Service Delivery Measurement) .

NC084 !Kheis - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		806	806					1 111	1 182	1 258
Piped water inside yard (but not in dwelling)		1 902	1 902		1 732	1 732		2 238	2 381	2 534
Using public tap (at least min.service level)	2	543	543		48			690	734	781
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		3 251	3 251	–	1 780	1 732	–	4 039	4 297	4 573
Using public tap (< min.service level)	3	200	200					250	266	283
Other water supply (< min.service level)	4	433	433		40	40		600	638	679
No water supply										
<i>Below Minimum Service Level sub-total</i>		633	633	–	40	40	–	850	904	962
Total number of households	5	3 884	3 884	–	1 820	1 772	–	4 889	5 202	5 535
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		1 312	1 312		1 214	1 214		1 312	1 396	1 485
Flush toilet (with septic tank)		584	584		888	888		702	747	795
Chemical toilet		5	5		703	703				
Pit toilet (ventilated)		524	524		342	342		1 048	1 115	1 186
Other toilet provisions (> min.service level)		163	163					163	173	185
<i>Minimum Service Level and Above sub-total</i>		2 588	2 588	–	3 147	3 147	–	3 225	3 431	3 651
Bucket toilet		21	21							
Other toilet provisions (< min.service level)										
No toilet provisions		1 274	1 274							
<i>Below Minimum Service Level sub-total</i>		1 295	1 295	–	–	–	–	–	–	–
Total number of households	5	3 883	3 883	–	3 147	3 147	–	3 225	3 431	3 651
<u>Energy:</u>										
Electricity (at least min.service level)		2 377	2 377		2 035	2 035		2 377	2 529	2 691
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		2 377	2 377	–	2 035	2 035	–	2 377	2 529	2 691
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources		1 509	1 509					1 609	1 712	1 822
<i>Below Minimum Service Level sub-total</i>		1 509	1 509	–	–	–	–	1 609	1 712	1 822
Total number of households	5	3 886	3 886	–	2 035	2 035	–	3 986	4 241	4 513
<u>Refuse:</u>										
Removed at least once a week		1 749	1 749		2 388	2 388		1 924	2 047	2 178
<i>Minimum Service Level and Above sub-total</i>		1 749	1 749	–	2 388	2 388	–	1 924	2 047	2 178
Removed less frequently than once a week		16	16					16	17	18
Using communal refuse dump		101	101		5	5		101	107	114

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Using own refuse dump		1 921	1 921					1 921	2 044	2 175
Other rubbish disposal										
No rubbish disposal		90	90					90	96	102
<i>Below Minimum Service Level sub-total</i>		2 128	2 128	-	5	5	-	2 128	2 264	2 409
Total number of households	5	3 877	3 877	-	2 393	2 393	-	4 052	4 311	4 587
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		811	11		1 700	1 700		1 500	1 596	1 698
Sanitation (free minimum level service)		811	800		1 700	1 700		1 500	1 596	1 698
Electricity/other energy (50kwh per household per month)		811	811		1 700	1 700		1 500	1 596	1 698
Refuse (removed at least once a week)		811	811		1 700	1 700		1 500	1 596	1 698
Cost of Free Basic Services provided (R'000)	8							0	0	0
Water (6 kilolitres per household per month)								0	0	0
Sanitation (free sanitation service)								0	0	0
Electricity/other energy (50kwh per household per month)								0	0	0
Refuse (removed once a week)								0	0	0
Total cost of FBS provided (minimum social package)		-	-	-	-	-	-	-	-	-
Highest level of free service provided										
Property rates (R value threshold)								-	-	-
Water (kilolitres per household per month)								6	0	7
Sanitation (kilolitres per household per month)								-	-	-
Sanitation (Rand per household per month)								25	28	30
Electricity (kwh per household per month)								50	52	56
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)										
Water								63	67	71
Sanitation								19	20	21
Electricity/other energy								30	32	34
Refuse								21	22	24
Municipal Housing - rental rebates								7	7	8
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	-	-	-	-	-	-	141	149	158

2.3.3 Providing clean water and managing waste water

The municipality is the Water Service Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 90% of the municipality's bulk water needs are provided directly by Boegoeberg Water in the form of purified water.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Our blue Drop status was assessed as fair but our green drop status was not up to standard

The following is briefly the main challenges facing the municipality in this regard:

- Shortage of skilled personnel makes proper operations and maintenance difficult; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and Waste Water Division will embark on an in-house training programme, especially for operational personnel;

2.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, framework, strategies and related policies.

2.4.1 Review of rates policy

The Rates Policy will be considered for approval by Council at the budget meeting of 28 June 2014. Amendments have been made with regard to the tariffs increases and the draft policy will be attached to that document. While the draft policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to accommodate all stakeholder views. Some of the possible revisions will include the need for full participation of relevant stakeholders when changing rebates on property rates every year. In addition the rebate structure is also likely to change to incorporate the views from the stakeholders.

2.4.2 Asset Management. Infrastructure Investment and Funding Policy

Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset maintenance was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

2.4.3 Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year

review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

It aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget Policy was approved by Council in 2012/13.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in 2011/12 financial year. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on. The current policy can be located on the municipal website at www.!kheis.gov.za.

2.4.5 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy, as approved in council is also under review. The aim of the policy is to ensure that the municipality's surplus cash and investments, where applicable, are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.6 Tariff Policies

The municipality's tariff policies (located at www.!kheis.gov.za) provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

2.4.8 Financial Code Policy

The Financial Code Policy has directly informed the compilation of the 2014/15 MTREF with the emphasis on affordability and long-term sustainability. Although we are busy reviewing the policy, its contents have been of significance in the preparation of the MTREF. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The financial planning outcomes are taken to Council and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2013/2014 Approved Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investments possibilities;
- Performance trends;

- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

The above policy together with those listed below will be made available on the municipality's website, as well as:

- Property Rates Policy;
- Budget Policy; and
- Indigents Policy.
- Tariff Policy
- Credit Control and Debt Collection Policy
- Financial Code Policy
- Asset Management Policy
- Cash Management and Investment Policy
- Borrowing Policy; and
- Supply Chain Management Policy

2.5 Overview of budget assumptions

2.5.1 External factors

South Africa's economy has continued to grow, but at a slower rate than projected at the time of the 2014 Budget. GDP growth reached 2.6 per cent in 2013 and is expected to grow at 2.8 per cent in 2014, rising to 3.8 per cent in 2015. Inflation has remained moderate, with consumer prices rising by 5.7 per cent in 2012 and projected to increase by an average of 5.6 per cent a year over the period ahead.

Consequently, municipal revenues and cash flows are expected to gradually improve during 2014/15. However, given that the likely recovery is not guaranteed and, at best, is likely to be slow, the municipality still had to adopt a conservative approach in projecting expected revenues and cash receipts. This has also applied to managing all revenue and cash streams effectively, as well as evaluation of the spending decision.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices of bulk and water; and
- The increase in the cost of remuneration. Employee related costs comprise 36.7% of total operating expenditure in the 2014/15 MTREF. The increase in employee

related costs is at least within inflation levels at 5.79%. We have applied the guideline increase by National Treasury as contained in Circulars 67.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The current municipal loan book is based on fixed interest. Hence, the 2013/14 MTREF is based on all borrowings being undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at varying rates at or above the CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecast term.

2.5.5 Salary increases

The National Treasury guide of (5.79 % + 1.00%) 6.79% increments has been applied across the board. CPI rates have been factored in for the two outer years of the MTREF.

2.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skills development;
- Improving health service;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	595	1 129	1 050	1 708	1 708	1 708	–	3 165	3 367	3 583
Property rates - penalties & collection charges									166	176	188
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	3 009	3 514	3 603	3 417	3 417	3 417	–	4 089	4 351	4 629
Service charges - sanitation revenue	2	2 979	1 389	1 483	1 445	1 445	1 445	–	1 679	1 787	1 901
Service charges - refuse revenue	2	–	1 849	1 978	1 919	1 919	1 919	–	2 298	2 445	2 601
Service charges - other											
Rental of facilities and equipment		496	188	525	12	12	12		514	547	582
Interest earned - external investments		161	305	112	310	310	310		41	44	47
Interest earned - outstanding debtors		775	1 684	1 899	812	812	812		1 707	1 817	1 933
Dividends received							–				
Fines				13			–		14	15	16
Licences and permits				3			–		–	–	–
Agency services		(321)	210	154			–		930	990	1 053
Transfers recognised – operational		14 517	17 395	21 799	19 771	19 771	19 771		21 277	23 584	24 300
Other revenue	2	536	176	38	2 010	1 487	1 487	–	738	786	836
Gains on disposal of PPE			114	120					–	–	–
Total Revenue (excluding capital transfers and contributions)		22 747	27 952	32 779	31 405	30 882	30 882	–	36 620	39 909	41 669

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;

- Achievement of a high per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over medium-term

Description	2014/15 Proposed tariff Increase
Property Rates	6%
Service Charges electricity	0%
Service charges water	6%
service charges sanitation	6%
service charges refuse	6%

Revenue to be generated from property rates is R3.1 million in the 2014/15 financial year and increases to R3.3 million by 2015/16 which represents 6% of the operating revenue base of the municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Service charges relating to water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R11.3 million for the 2014/15 financial year and increasing to R11.9million by 2015/16. Service charges amounts to 31.5% of the total revenue for 2014/15 financial year.

Operational grants and subsidies amount to R21million, R22.3million and R23.8million for each of the respective financial years of the MTREF, or 57.8% of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing on the MTREF by 6 per cent for the two outer years.

The tables below provide detail investment information and investment particulars by maturity.

Table 30 MBRR SA15 – Detail Investment Information

NC084 !Kheis - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
<u>Parent municipality</u>	1									
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		669	673	1 200	660	660	660	660	702	747
Deposits - Public Investment										
Commissioners										
Deposits - Corporation for Public										
Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit –										
Banks										
Guaranteed Endowment Policies										
(sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total		669	673	1 200	660	660	660	660	702	747
<u>Entities</u>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment										
Commissioners										
Deposits - Corporation for Public										
Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit –										
Banks										
Guaranteed Endowment Policies										
(sinking)										
Repurchase Agreements - Banks										
Entities sub-total		–	–	–	–	–	–	–	–	–
Consolidated total:		669	673	1 200	660	660	660	660	702	747

Table 31 MBRR SA16 – Investment particulars by maturity

NC084 !Kheis - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission on Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality	1													
First National Bank		6 Months	Short Term		Fixed	5.05%			18 March 2013 24 February 2014	600	30			630
First National Bank			Short Term		Fixed	5.17%				72	3			75
Municipality sub-total										672		–	–	705
Entities														
Entities sub-total										–		–	–	–
TOTAL INVESTMENTS AND INTEREST	1									672	33	–	–	705

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 32 Sources of capital revenue over the MTREF

NC084 !Kheis - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funded by:											
National Government											
Provincial Government											
District Municipality											
Other transfers and grants		9 554	13 679	13 463	14 533	1 760	16 293		19 560	20 812	22 144
Transfers recognised – capital	4	9 554	13 679	13 463	14 533	1 760	16 293	–	19 560	20 812	22 144
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	9 554	13 679	13 463	14 533	1 760	16 293	–	19 560	20 812	22 144

The above table is graphically represented as follows for the 2013/14 financial year.

Capital grants and receipts equates to 100% of the total funding source which represents R14.4million for the 2014/15 financial year. Movement relating to grants receipts is a decline of 31% from 2013/2014 financial year due to the fact that two capital projects had been declined by MIG, because of the technical specifications.

Borrowing still remains an insignificant funding source for the capital programme over the medium-term with no new borrowing during the MTREF.

The following table is a detailed analysis of the municipality's borrowing liability.

Table 33 MBRR Table SA 17 – Detail of borrowings

NC084 !Kheis - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Parent municipality										
Long-Term Loans (annuity/reducing balance)		2 184	1 726	3 237	3 059	3 059	3 059	2 891	3 076	
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		2 385	1 972		1 761	1 761	1 761	1 664	1 770	
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Municipality sub-total	1	4 569	3 698	3 237	4 820	4 820	4 820	4 555	4 847	–
Total Borrowing	1	4 569	3 698	3 237	4 820	4 820	4 820	4 555	4 847	–

Table 34 MBRR Table SA 18 – Capital transfers and grants receipts

NC084 !Kheis - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1,									
-	2									
<u>Operating Transfers and Grants</u>										
National Government:		13 737	15 947	18 152	19 439	19 439	19 439	20 697	22 022	23 431
Local Government Equitable Share								17 963	19 113	20 336
Finance Management		11 787	13 707	15 852	16 899	16 899	16 899	1 800	1 915	2 038
Municipal Systems Improvement		1 200	1 450	1 500	1 650	1 650	1 650	934	994	1 057
Other transfers/grants [insert description]		750	790	800	890	890	890	-	-	-
Provincial Government:		595	648	347	332	332	332	580	617	657
Sport and Recreation		220	323	347	332	332	332	580	617	657
Cogsta		375	325							
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	14 332	16 595	18 499	19 771	19 771	19 771	21 277	22 639	24 088
<u>Capital Transfers and Grants</u>										
National Government:		8 178	12 234	14 870	14 168	14 168	14 168	19 560	20 812	22 144
Municipal Infrastructure Grant (MIG)		8 124	11 434	13 870	13 168	13 168	13 168	15 992	17 015	18 104
Regional Bulk Infrastructure								2 568	2 732	2 907
EPWP Incentive		54	800	1 000	1 000	1 000	1 000	1 000	1 064	1 132
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	6 201	-	-	-	-	-	-
National Lottery				6 201						
Total Capital Transfers and Grants	5	8 178	12 234	21 071	14 168	14 168	14 168	19 560	20 812	22 144
TOTAL RECEIPTS OF TRANSFERS & GRANTS		22 510	28 829	39 570	33 939	33 939	33 939	40 837	43 451	46 231

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium- term. The table below is consistent with international standards of good financial management practice and also improves councillors and management's ability to understand the cash flow management. Some specific features include:

- Clear separation of receipts payments within each cash flow category:
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 35 MBRR Table – Budgeted cash flow statement

NC084 !Kheis - Table A7 Budgeted Cash Flows

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		4 637	5 273	2 664	4 657	–	4 657	2 303	3 165	3 367	3 583
Government - operating	1	23 582	14 522	18 186	19 771	–	19 771	14 532	21 029	22 375	23 807
Government - capital	1		13 223	15 063	14 168	2 125	16 293	15 993	19 560	20 812	22 144
Interest		161	1 907	2 055	1 194	–	1 194	–	1 749	1 861	1 980
Dividends			–							–	–
Payments											
Suppliers and employees		(17 052)	(19 906)	(24 454)	(26 801)	–	(26 801)	(15 381)	(31 493)	(33 508)	(35 653)
Finance charges		(153)	(220)	(102)	(204)	–	(204)		581	618	658
Transfers and Grants	1								1 905	2 027	2 156
NET CASH FROM/(USED) OPERATING ACTIVITIES		11 175	14 799	13 412	12 785	2 125	14 910	17 447	16 743	17 815	18 955
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		141	69	56	382	–	382		–	–	–
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments		(4)			–						
Payments											
Capital assets		(9 554)	(13 679)	(12 463)	(14 168)	–	(14 168)	(20 291)	(19 560)	(20 812)	(22 144)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(9 417)	(13 610)	(12 407)	(13 786)	–	(13 786)	(20 291)	(19 560)	(20 812)	(22 144)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		(180)									
Increase (decrease) in consumer deposits					7	–	7	3	7	8	8
Payments											
Repayment of borrowing		(695)	(871)	728	(520)	–	(520)		(553)	(589)	(626)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(875)	(871)	728	(513)	–	(513)	3	(546)	(581)	(618)
NET INCREASE/ (DECREASE) IN CASH HELD		883	318	1 733	(1 514)	2 125	611	(2 841)	(3 362)	(3 578)	(3 807)
Cash/cash equivalents at the year begin:	2	534	1 417	1 735	4 460	–	4 460	–	4 460	1 098	(2 480)
Cash/cash equivalents at the year end:	2	1 417	1 735	3 468	2 946	2 125	5 071	(2 841)	1 098	(2 480)	(6 287)

The above table shows that cash and cash equivalent of the municipality are anticipated to be comfortable for 2014/2015 budgeted financial year showing a balance 1.5 million due to the anticipated decrease in debtors as a result of the measures being taken to collect debts from consumer debtors. The municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions are expected to translate into positive cash flows and ultimately an improvement on the cash position for the municipality

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected)

Table 36 MBRR Table A8 – cash backed reserves/accumulated surplus reconciliation

NC084 !Kheis - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	1 417	1 735	3 468	2 946	2 125	5 071	(2 841)	(1 527)	(3 152)	(4 880)
Other current investments > 90 days		669	137	(2 695)	–	(2 125)	(2 125)	10 143	2 187	3 854	5 628
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		2 087	1 873	773	2 946	–	2 946	7 302	660	702	747
<u>Application of cash and investments</u>											
Unspent conditional transfers		1 720	1 079	–	–	–	–	–	5 158	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	2 134	4 651	190	(2 493)	–	(2 939)	(1 698)	(3 612)	(3 843)	(4 090)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		3 854	5 730	190	(2 493)	–	(2 939)	(1 698)	1 546	(3 843)	(4 090)
Surplus(shortfall)		(1 768)	(3 857)	583	5 439	–	5 885	9 000	(886)	4 546	4 837

From the above table it can be seen that the cash and investments availability total R4.4 million in the 2014/15 financial year and grows to R 4.8 million by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investment Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipts delays will have a greater requirement for working capital, as was experienced by the municipality in 2012/13 resulting in cash flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its financial obligations.

It can be concluded that the municipality focused to have a surplus against the cash backed and accumulated surpluses reconciliation. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 37 MBRR SA10 – Funding compliance measurement

NC084 !Kheis Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	1 417	1 735	3 468	2 946	2 125	5 071	(2 841)	731	(3 238)	(7 460)
Cash + investments at the yr end less applications - R'000	18(1)b	2	(1 768)	(3 857)	583	5 439	-	5 885	9 000	(886)	4 546	4 837
Cash year end/monthly employee/supplier payments	18(1)b	3	0.6	1.2	1.6	1.4	1.0	2.4	-	0.3	(1.1)	(2.3)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(2 943)	8 185	15 122	4	(0)	(0)	-	54	620	(231)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	13.7%	(3.0%)	(1.4%)	(6.0%)	(6.0%)	(106.0%)	28.2%	0.4%	0.4%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	57.5%	52.0%	24.8%	41.1%	0.0%	43.1%	0.0%	20.7%	20.7%	20.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	210.8%	26.7%	42.7%	0.0%	0.0%	0.0%	0.0%	38.0%	36.3%	30.0%
Capital payments % of capital expenditure	18(1)c,19	8	0.0%	0.0%	0.0%	34.6%	0.0%	34.6%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	0								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	1	N.A.	35.1%	535.4%	7.0%	(100.0%)	0.0%	(109.2%)	0.0%	6.4%	6.4%
Long term receivables % change - incr(decr)	18(1)a	2	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	3	1.4%	0.0%	1.9%	3.1%	0.0%	2.7%	14.0%	4.5%	4.5%	4.5%
Asset renewal % of capital budget	20(1)(vi)	4	0.0%	0.0%	0.0%	32.2%	32.2%	32.2%	0.0%	0.0%	0.0%	0.0%

2.6.4.1 Cash/ cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 22. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under financial stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been strengthening for the period 2009/10 to 2014/2015.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2014/15 MTREF the indicative outcome is a surplus of R279 thousand.

2.6.4.2 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue.

2.6.4.3 Cash receipts as a percentage of ratepayers and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 60% for 2014/2015 and it improves by 1 per cent in the outer two financial years. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.4 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It forecasted that all capital payments will be paid within the legislative requirement that creditors be paid within 30 days.

2.6.4.5 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0per cent of own funded capital, as there are intensions to obtain any borrowing. Transfers/grants revenue as a percentage of Government transfers/grants available

2.6.4.6 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

2.6.4.7 Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. The table above shows no change in non-current as those older than a year have been impaired.

2.6.4.8 Repairs and Maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicate insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 48 MBRR SA34C .

2.6.4.9 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/ or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 47 MBRR SA34b.

2.7 Expenditure on grants and reconciliation of unspent funds

Table 38 MBRR SA19 – Expenditure on transfers and grant programmes

NC084 !Kheis - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		13 867	15 947	19 152	19 439	19 439	19 439	20 697	22 022	23 431
Local Government Equitable Share		11 787	13 707	15 852	16 899	16 899	16 899	17 963	19 113	20 336
Finance Management		1 200	1 450	1 500	1 650	1 650	1 650	1 800	1 915	2 038
Municipal Systems Improvement		880	790	800	890	890	890	934	994	1 057
				1 000						
Other transfers/grants [insert description]										
Provincial Government:		220	323	347	332	332	332	580	617	657
Sport and Recreation		220	323	347	332	332	332	580	617	657
Cogsta										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants:		14 087	16 270	19 499	19 771	19 771	19 771	21 277	22 639	24 088
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		7 400	12 898	14 870	14 168	14 168	14 168	19 560	20 812	22 144
Municipal Infrastructure Grant (MIG)		7 346	12 098	13 870	13 168	13 168	13 168	15 992	17 015	18 104
Regional Bulk Infrastructure								2 568	2 733	2 908
EPWP Incentive		54	800	1 000	1 000	1 000	1 000	1 000	1 064	1 132
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	6 201	365	365	365	-	-	-
National Lottery				6 201	365	365	365	-	-	-
Total capital expenditure of Transfers and Grants		7 400	12 898	21 071	14 533	14 533	14 533	19 560	20 812	22 144
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		21 487	29 168	40 570	34 304	34 304	34 304	40 837	40 718	43 324

- Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		130	130							
Current year receipts		13 868	13 868	16 195	19 439	19 439	19 439	20 680	22 004	23 412
Conditions met - transferred to revenue		13 998	13 998	16 195	19 439	19 439	19 439	20 680	22 004	23 412
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year		8	3							
Current year receipts		220	323	323	332	332	332	332	353	376
Conditions met - transferred to revenue		228	326	323	332	332	332	332	353	376
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year			27							
Current year receipts		375	325							
Conditions met - transferred to revenue		375	352	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		14 601	14 676	16 518	19 771	19 771	19 771	21 012	22 357	23 788
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		1 544	1 544	2 322						
Current year receipts		7 346	7 346	11 434	13 168	13 168	13 168	10 834	11 527	12 265
Conditions met - transferred to revenue		7 543	8 208	13 756	13 168	13 168	13 168	10 834	11 527	12 265
Conditions still to be met - transferred to liabilities		1 347	682							
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts					1 000	1 000	1 000	1 000	1 064	1 132
Conditions met - transferred to revenue		-	-	-	1 000	1 000	1 000	1 000	1 064	1 132
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year		366	366	3 323	365	365	365	-	-	-
Current year receipts										
Conditions met - transferred to revenue		366	366	3 323	365	365	365	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		7 909	8 574	17 079	14 533	14 533	14 533	11 834	12 591	13 397
Total capital transfers and grants - CTBM	2	1 347	682	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		22 510	23 250	33 597	34 304	34 304	34 304	32 846	34 948	37 185
TOTAL TRANSFERS AND GRANTS - CTBM		1 347	682	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 40 MBRR SA22 – Summary of councillor and staff benefits

NC084 !Kheis - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
-	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		922	1 210	1 190	1 248	1 248	1 248	1 526	1 623	1 727
Pension and UIF Contributions		12	60			-	-	-	-	-
Medical Aid Contributions		23	25			-	-	-	-	-
Motor Vehicle Allowance		253		397	416	416	416	416	442	471
Cellphone Allowance		56	91	91	95	95	95	95	101	108
Housing Allowances								-	-	-
Other benefits and allowances			360							
Sub Total - Councillors		1 266	1 746	1 678	1 759	1 759	1 759	2 037	2 167	2 306
% increase	4		37.9%	(3.9%)	4.8%	-	-	15.8%	6.4%	6.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages			943	1 108	1 615	1 615	1 615	1 718	1 828	1 945
Pension and UIF Contributions			62	100	284	284	284	302	322	342
Medical Aid Contributions				28		-	-	-	-	-
Overtime						-	-	-	-	-
Performance Bonus						-	-	-	-	-
Motor Vehicle Allowance	3			346	436	436	436	464	494	525
Cellphone Allowance	3			24	26	26	26	28	29	31
Housing Allowances	3		322	10				-	-	-
Other benefits and allowances	3							-	-	-
Payments in lieu of leave								-	-	-
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		-	1 327	1 616	2 361	2 361	2 361	2 512	2 673	2 844
% increase	4		-	21.8%	46.1%	-	-	6.4%	6.4%	6.4%
Other Municipal Staff										
Basic Salaries and Wages		4 055	4 600	5 177	8 618	8 618	8 618	13 283	14 133	15 037
Pension and UIF Contributions		665	771	787	1 384	1 384	1 384	2 475	2 633	2 802
Medical Aid Contributions				34	136	136	136	203	216	230
Overtime		19	21	29	91	91	91	104	111	118
Performance Bonus		426	372			-	-	1 080	1 149	1 223
Motor Vehicle Allowance	3	328	481	181	660	660	660	1 080	1 158	1 232
Cellphone Allowance	3			30	77	77	77	74	78	83
Housing Allowances	3	8	8	8	31	31	31	16	17	18
Other benefits and allowances	3	331	156			-	-	-	-	-
Payments in lieu of leave				338	310	310	310	406	432	460
Long service awards					48	48	48	145	154	164
Post-retirement benefit obligations	6							-	-	-
Sub Total - Other Municipal Staff		5 832	6 409	6 584	11 355	11 355	11 355	18 873	20 081	21 366
% increase	4		9.9%	2.7%	72.5%	-	-	66.2%	6.4%	6.4%
Total Parent Municipality		7 098	9 482	9 878	15 475	15 475	15 475	23 422	24 921	26 516
			33.6%	4.2%	56.7%	-	-	51.4%	6.4%	6.4%

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Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		7 098	9 482	9 878	15 475	15 475	15 475	23 422	24 921	26 516
% increase	4		33.6%	4.2%	56.7%	-	-	51.4%	6.4%	6.4%
TOTAL MANAGERS AND STAFF	5,7	5 832	7 736	8 200	13 716	13 716	13 716	21 385	22 754	24 210

Table 41 MBRR SA23 – Salaries, allowances and benefits (political office bearers/councillors/senior managers)

NC084 !Kheis - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4							-
Chief Whip								-
Executive Mayor			491 181		168 624			659 805
Deputy Executive Mayor								-
Executive Committee			605 299		171 291			776 590
Total for all other councillors			429 173		171 291			600 464
Total Councillors	8	-	1 525 653	-	511 206			2 036 859
Senior Managers of the Municipality	5							
Municipal Manager (MM)			533 048		204 181			737 229
Chief Finance Officer			360 644		180 590			541 234
								-
								-
								-
<i>List of each official with packages >= senior manager</i>								
Manager: Technical Services			360 644		180 590			541 234
Manager: Corporate Services			360 644		180 590			541 234
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	1 614 980	-	745 951	-		2 360 931
A Heading for Each Entity	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	3 140 633	-	1 257 157	-		4 397 790

Table 42 MBRR SA24 – Summary of personnel numbers

NC084 !Kheis - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2012/13			Current Year 2013/14			Budget Year 2014/15		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		7			7			7		7
Board Members of municipal entities	4				–					
Municipal employees	5									
Municipal Manager and Senior Managers	3	13	5	3	4		1	5	4	1
Other Managers	7				4	4		7	7	
Professionals		–	–	–	–	–	–	–	–	–
Finance										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		–	–	–	77	57	20	76	65	5
Finance					28	19	5	33	28	5
Information Technology										
Roads										
Electricity					1		1	1	1	
Water					24	14	14	26	26	
Sanitation					5	5		12	12	
Refuse					12	12		12	12	
Other					7	7		6	6	
Clerks (Clerical and administrative)		38	38		9	9		8	8	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		9	9							
Elementary Occupations		18	18		10	10				
TOTAL PERSONNEL NUMBERS	9	85	70	3	111	80	21	117	104	13
% increase					30.6%	14.3%	600.0%	5.4%	3.0%	(38.1%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.9 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium- term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget and Treasury Office.

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

NC084 !Kheis - Supporting Table SA34a Capital expenditure on new assets by asset class

[illegible]

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<u>Heritage assets</u>	9	-	-	-	-	-	-	-	-	
Buildings										
Other										
<u>Investment properties</u>		-	-	-	-	-	-	-	-	
Housing development										
Other										
<u>Other assets</u>	10	2 567	3 027	-	-	-	-	-	-	
General vehicles										
Specialised vehicles		-	-	-	-	-	-	-	-	
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment		2 562	3 027							
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		5								
<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	
<i>List sub-class</i>										
<u>Biological assets</u>		-	-	-	-	-	-	-	-	
<i>List sub-class</i>										
<u>Intangibles</u>		-	-	-	-	-	-	-	-	
Computers - software & programming										
<i>Other (list sub-class)</i>										
Total Capital Expenditure on new assets	1	9 554	13 678	12 031	14 533	7 189	14 533	19 560	20 812	22 144

NC084 !Kheis - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

[illegible]

!Kheis Local Municipality

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[illegible]

Table 45 MBRR SA34c – Repairs and maintenance expenditure by asset class

NC084 !Kheis - Supporting Table SA34c Repairs and maintenance expenditure by asset class

[illegible]

!Kheis Local Municipality

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Other	9									
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<u>Other assets</u>		666	-	516	1 160	-	1 160	-	-	-
General vehicles		312		153	407	-	407			
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment					462	-	462	-	-	-
Computers - hardware/equipment										
Furniture and other office equipment		61			250	-	250	-	-	-
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		4		250	25	-	25	-	-	-
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		289		113	16	-	16	-	-	-
<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	-
List sub-class										
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-
List sub-class										
<u>Intangibles</u>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	810	-	1 351	2 342	-	2 092	2 384	2 537	2 699

<u>Specialised vehicles</u>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		1.4%	0.0%	1.9%	3.1%	0.0%	2.7%	4.5%	4.5%	4.5%
R&M as % Operating Expenditure		2.5%	0.0%	4.3%	5.1%	0.0%	4.5%	4.3%	4.3%	4.3%

Table 46 MBRR SA36 – Detailed capital budget per municipal vote

NC084 !Kheis - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	R e f	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
Infrastructure Sanitation		UDS Toilets				Infrastructure - Sanitation				4 496	734	4 516	4 805	5 113	All wards	New
Infrastructure Sanitation		2 Sewerage removal Trucks				Infrastructure - Sanitation				2 300					All wards	New
Infrastructure Sanitation		Oxidation Pond														
		Oxidation Pond Sewerage treatment														
Community Sport Fields		Sport Fields								3 870					Ward 2	New
Roads		Sport Fields														
		Sport Fields								365	365				Ward 3	New
Infrastructure Roads		Upgrading of access roads and streets				Infrastructure - Road transport				5 504	5 824	1 059	1 127	1 199	Ward 3	New
Other furniture and equipment		Furniture and equipment				Infrastructure - Other										
Other Erven		Erven														
Other Land		Upgrading of Municipal Buildings								1 000	1 000				All wards	Renewal
Other Land		60 Houses														
												10 834	10 682			
Parent Capital expenditure	1											15 409	15 614	5 311		
Entities: <i>List all capital projects grouped by Entity</i>																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure										-	-	-	-	-		
Total Capital expenditure										17 535	7 923	15 409	16 614	5 311		

2.11 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format has seen a marginal improvement since the turn of the year. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes quarterly published financial performance on the municipality's website.

2. Internship Programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns, undergoing training in various divisions of the Budget and Treasury Office, as well as other divisions in the finance department. There are currently no vacancies for financial internship. The current interns had only be appointed during December 2013, after the former interns had been permanently employed in the finance department. At March 2013 one financial intern successfully completed her internship and the other two will complete their internship in October 2013.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

The Audit Committee is established but is currently non-functional

5. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

6. MFMA Training

The MFMA training module in electronic format is presented at the municipality and training is going.

7. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

- Budget Policy;
- Indigents Policy.
- Tariff Policy
- Credit Control and Debt Collection Policy
- Financial Code Policy
- Cash Management and Investment Policy; and
- Borrowing Policy

Table 47 MBRR SA1 – Supporting detail to budgeted financial performance

[illegible]

!Kheis Local Municipality

2014/15 MTREF Budget 80

Basic Salaries and Wages	2	4 763	6 620	8 898	10 509	–	10 509		13 283	14 133	15 037
Pension and UIF Contributions		656	838	1 485	1 717	–	1 717		2 475	2 633	2 802
Medical Aid Contributions		115	134	37	158	–	158		203	216	230
Overtime		21	27	29	104	–	104		104	111	118
Performance Bonus		372		–				1 080	1 149	1 223	
Motor Vehicle Allowance		481	520	772	1 092	–	1 092	1 088	1 158	1 232	
Cellphone Allowance				177	103	–	103	74	78	83	
Housing Allowances		142	404	8	34	–	34	16	17	18	
Other benefits and allowances		90	243			–		–	–	–	
Payments in lieu of leave		103	95	290	310	–	310	406	432	460	
Long service awards				45	48	–	48	145	154	164	
Post-retirement benefit obligations	4										
<i>sub-total</i>	5	6 742	8 880	11 742	14 073	–	14 073	–	16 873	20 081	21 366
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	6 742	8 880	11 742	14 073	–	14 073	–	16 873	20 081	21 366
<u>Contributions recognised - capital</u>											
<i>List contributions by contract</i>											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
<u>Depreciation & asset impairment</u>											
Depreciation of Property, Plant & Equipment		1 164	9 650	–	10 191	294	10 484	10 282	10 940	11 640	
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	1 164	9 650	–	10 191	294	10 484	–	10 282	10 940	11 640
<u>Bulk purchases</u>											
Electricity Bulk Purchases											
Water Bulk Purchases		570	732	660	899	–	899	899	957	1 018	
Total bulk purchases	1	570	732	660	899	–	899	–	899	957	1 018
<u>Transfers and grants</u>											
Cash transfers and grants		2 017	1 582	2 818	1 890	–	1 890	–	1 905	2 027	2 156
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	2 017	1 582	2 818	1 890	–	1 890	–	1 905	2 027	2 156
<u>Contracted services</u>											
<i>List services provided by contract</i>											
<i>sub-total</i>	1	–	–	–	–	–	–	–	–	–	–
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		–	–	–	–	–	–	–	–	–	–
<u>Other Expenditure By Type</u>											
Collection costs				50	170	–	170	–	–	–	
Contributions to 'other' provisions		706	2 285	1 782		–		–	–		
Consultant fees		6	2		1 635	(235)	1 400	–	–		
Audit fees		802	668	500	1 683	(151)	1 532	552	587	625	
General expenses	3	3 494	3 483	6 411	12 222	1 061	13 283	11 720	12 470	13 269	
<i>List Other Expenditure by Type</i>				–	–	–		–	–		
<i>Agency Services</i>								759	808	859	
<i>Public Contributions</i>								560	596	634	
Total 'Other' Expenditure	1	5 008	6 438	8 744	15 710	675	16 384	–	13 592	14 461	15 387

Repairs and Maintenance
by Expenditure Item

8

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Table 48 MBRR SA3 – Supporting detail to statement of financial position

NC084 !Kheis - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

[illegible]

!Kheis Local Municipality

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Other											
Total Provisions - non-current		-	-	-	-	-	-	-	2 881	3 065	3 261
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		52 331	133 096	52 576	137 994	-	137 994		146 721	156 111	166 102
GRAP adjustments											
Restated balance		52 331	133 096	52 576	137 994	-	137 994	-	146 721	156 111	166 102
Surplus/(Deficit)		(2 943)	8 185	20 026	4	(1 241)	(15 406)	-	54	620	(231)
Appropriations to Reserves		3 976									
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	53 364	141 281	72 602	137 998	(1 241)	122 589	-	146 775	156 732	165 872
<u>Reserves</u>	-										
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves								(12)			
Revaluation											
Total Reserves	2	-	-	-	-	-	-	(12)	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	53 364	141 281	72 602	137 998	(1 241)	122 589	(12)	146 775	156 732	165 872

Table 49 MBRR SA25 - Budgeted monthly revenue and expenditure

NC084 !Kheis - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description R thousand	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Revenue By Source</u>	-															
Property rates		1 708											1 457	3 165	3 367	3 583
Property rates - penalties & collection charges													166	166	176	188
Service charges - electricity revenue													-	-	-	-
Service charges - water revenue		407	407	407	407	407	407	407	407	407	407	407	(391)	4 089	4 351	4 629
Service charges - sanitation revenue		120	120	120	120	120	120	120	120	120	120	120	359	1 679	1 787	1 901
Service charges - refuse revenue		160	160	160	160	160	160	160	160	160	160	160	538	2 298	2 445	2 601
Service charges - other													-	-	-	-
Rental of facilities and equipment		40	40	40	40	40	40	40	40	40	40	40	74	514	547	582
Interest earned - external investments		26	26	26	26	26	26	26	26	26	26	26	43	41	54	47
Interest earned - outstanding debtors		147	147	147	147	147	147	147	147	147	147	147	90	1 707	1 817	1 933
Dividends received													-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-	-	14	14	15	16
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		14	14	14	14	14	14	14	14	14	14	14	776	930	990	1 053
Transfers recognised - operational		2 872	-	-	-	-	-	-	-	-	-	-	18 157	20 910	22 811	23 380
Other revenue		2	2	2	2	2	2	2	2	2	2	2	429	738	786	836
Gains on disposal of PPE		32	32	32	32	32	32	32	32	32	32	32	(352)	-	-	-
Total Revenue (excluding capital transfers and contributions)		5 528	948	948	948	948	948	948	948	948	948	948	21 360	36 253	39 136	40 749
<u>Expenditure By Type</u>	-															
Employee related costs												1 143	15 353	18 873	20 081	21 366
Remuneration of councillors												147	1 890	2 037	2 167	2 306
Debt impairment													4 326	4 326	4 616	5 124
Depreciation & asset impairment													10 282	10 282	10 940	11 640
Finance charges													581	581	618	658
Bulk purchases													899	899	957	1 018

Kheis Local Municipality												2013/14 Budget and MTREF			
Other materials												1 784	3 063	3 259	3 468
Contracted services												–	–	–	–
Transfers and grants												1 905	1 905	2 027	2 156
Other expenditure												12 216	13 592	14 461	15 387
Loss on disposal of PPE												–	–	–	–
Total Expenditure		–	–	–	–	–	–	–	–	–	1 290	49 237	55 758	59 327	63 124
Surplus/(Deficit)		5 528	948	948	948	948	948	948	948	948	(342)	(27 876)	(19 506)	(20 191)	(22 375)
Transfers recognised - capital												14 434	19 560	20 812	22 144
Contributions recognised - capital												–	–	–	–
Contributed assets												–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		5 528	948	948	948	948	948	948	948	948	(342)	(13 442)	54	620	(231)
Taxation												–	–	–	–
Attributable to minorities												–	–	–	–
Share of surplus/ (deficit) of associate												–	–	–	–
Surplus/(Deficit)	1	5 528	948	948	948	948	948	948	948	948	(342)	(13 442)	54	620	(231)

Table 50 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC084 IKheis - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	-															
Vote 1 - 001 : KANTOOR VAN DIE MUNISIPALE BESTUURDER		3 127	255	255	255	255	255	255	255	255	255	255	(5 677)	-	-	-
Vote 2 - DIREKTORAAT: KORPORATIEWE DIENSTE		1 000	-	-	-	-	-	-	-	-	-	-	(643)	357	379	404
Vote 3 - DIREKTORAAT: FINANSIELE DIENSTE		348	348	348	348	348	348	348	348	348	348	348	36 845	40 673	43 276	46 046
Vote 4 - DIRECTORATE: TECHNICAL SERVICES		351	351	351	351	351	351	351	351	351	351	351	(3 861)	-	-	-
Vote 5 - PUBLIC WORKS													3	3	3	3
Vote 6 - WASTE													4 838	4 838	5 148	5 477
Vote 7 - COUNCIL													-	-	-	-
Vote 8 - WATER MANAGEMENT													4 935	4 935	5 251	5 587
Vote 9 - COMMUNITY SERVICES													-	-	-	-
Total Revenue by Vote		4 826	954	954	954	954	954	954	954	954	954	954	36 440	50 806	54 057	57 517
Expenditure by Vote to be appropriated	-															
Vote 1 - 001 : KANTOOR VAN DIE MUNISIPALE BESTUURDER		596	596	596	596	596	596	596	596	596	596	596	(5 124)	1 432	1 524	1 622
Vote 2 - DIREKTORAAT: KORPORATIEWE DIENSTE		2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	2 075	(17 105)	5 720	6 086	6 475
Vote 3 - DIREKTORAAT: FINANSIELE DIENSTE		292	292	292	292	292	292	292	292	292	292	292	14 477	17 689	18 821	20 026
Vote 4 - DIRECTORATE: TECHNICAL SERVICES		320	320	320	320	320	320	320	320	320	320	320	(1 859)	1 661	1 767	1 880
Vote 5 - PUBLIC WORKS		484	484	484	484	484	484	484	484	484	484	484	(1 429)	3 895	4 144	4 409
Vote 6 - WASTE													3 995	3 995	4 250	4 522
Vote 7 - COUNCIL													7 515	7 515	7 996	8 508
Vote 8 - WATER MANAGEMENT													7 090	7 090	7 544	8 027
Vote 9 - COMMUNITY SERVICES													1 530	1 530	1 596	1 698
Total Expenditure by Vote		3 767	3 767	3 767	3 767	3 767	3 767	3 767	3 767	3 767	3 767	3 767	9 090	50 527	53 728	57 167
Surplus/(Deficit) before assoc.		1 059	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	27 350	279	329	350
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	1 059	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	(2 813)	27 350	279	329	350

Table 51 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC084 !Kheis - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
<u>Revenue - Standard</u>	-															
<i>Governance and administration</i>		5 693	113	113	113	113	113	113	113	113	113	113	31 010	37 833	40 254	42 830
Executive and council													-	-	-	-
Budget and treasury office		3 985	113	113	113	113	113	113	113	113	113	113	29 553	34 668	36 887	39 247
Corporate services		1 708											1 457	3 165	3 367	3 583
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	3 973	3 973	4 227	4 497
Community and social services													3 973	3 973	4 227	4 497
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	934	934	994	1 058
Planning and development													-	-	-	-
Road transport													934	934	994	1 058
Environmental protection													-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	8 066	8 066	8 582	9 132
Electricity													-	-	-	-
Water													4 089	4 089	4 351	4 629
Waste water management													2 298	2 298	2 445	2 601
Waste management													1 679	1 679	1 787	1 901
<i>Other</i>													-	-	-	-
Total Revenue - Standard		5 693	113	113	113	113	113	113	113	113	113	113	43 983	50 806	54 057	57 517
<u>Expenditure - Standard</u>	-															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	31 597	31 597	33 619	35 771
Executive and council													8 947	8 947	9 520	10 129
Budget and treasury office													16 930	16 930	18 014	19 167
Corporate services													5 720	5 720	6 086	6 475
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	1 530	1 530	1 596	1 698
Community and social services													1 530	1 530	1 596	1 698
Sport and recreation													-	-	-	-

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Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	6 315	6 315	6 719	7 149
Planning and development													1 661	1 661	1 767	1 880
Road transport													4 654	4 654	4 952	5 269
Environmental protection													-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	11 085	11 085	11 794	12 549
Electricity													-	-	-	-
Water													7 090	7 090	7 544	8 027
Waste water management													3 995	3 995	4 250	4 522
Waste management													-	-	-	-
<i>Other</i>													-	-	-	-
Total Expenditure - Standard		-	-	-	-	-	-	-	-	-	-	-	50 527	50 527	53 728	57 167
Surplus/(Deficit) before assoc.		5 693	113	113	113	113	113	113	113	113	113	113	(6 544)	279	329	350
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	5 693	113	113	113	113	113	113	113	113	113	113	(6 544)	279	329	350

Table 52 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC084 !Kheis - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Multi-year expenditure to be appropriated</u> Vote 1 - 001 : KANTOOR VAN DIE MUNISIPALE BESTUURDER Vote 2 - DIREKTORAAT: KORPORATIEWE DIENSTE Vote 3 - DIREKTORAAT: FINANSIELE DIENSTE Vote 4 - DIRECTORATE: TECHNICAL SERVICES Vote 5 - PUBLIC WORKS Vote 6 – WASTE Vote 7 – COUNCIL Vote 8 - WATER MANAGEMENT Vote 9 - COMMUNITY SERVICES	1												-	-	-	-
													-	-	-	-
													-	-	-	-
													-	-	-	-
													-	-	-	-
													6 318	6 318	6 722	7 152
													4 516	4 516	4 805	5 113
													-	-	-	-
													2 600	7 726	8 220	8 747
													1 000	1 000	1 064	1 132
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	14 434	19 560	20 812	22 144
<u>Single-year expenditure to be appropriated</u> Vote 1 - 001 : KANTOOR VAN DIE MUNISIPALE BESTUURDER Vote 2 - DIREKTORAAT: KORPORATIEWE DIENSTE Vote 3 - DIREKTORAAT: FINANSIELE DIENSTE Vote 4 - DIRECTORATE: TECHNICAL SERVICES Vote 5 - PUBLIC WORKS Vote 6 – WASTE Vote 7 – COUNCIL Vote 8 - WATER MANAGEMENT Vote 9 - COMMUNITY SERVICES													-	-	-	-
													-	-	-	-
													-	-	-	-
													-	-	-	-
													-	-	-	-
													-	-	-	-
													-	-	-	-
													-	-	-	-
													-	-	-	-
													-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	-	-	-	-	-	-	-	-	-	-	-	14 434	19 560	20 812	22 144

Table 53 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC084 !Kheis - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description R thousand	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council														-	-	-
Budget and treasury office														-	-	-
Corporate services														-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services														-	-	-
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	6 318	6 318	6 722	7 152
Planning and development														-	-	-
Road transport													6 318	6 318	6 722	7 152
Environmental protection														-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	12 242	12 242	13 026	13 859
Electricity														-	-	-
Water													7 726	7 726	8 220	8 747
Waste water management														-	-	-
Waste management													4 516	4 516	4 805	5 113
<i>Other</i>													1 000	1 000	-	-
Total Capital Expenditure - Standard	2	-	-	-	-	-	-	-	-	-	-	-	19 560	19 560	19 748	21 012
Funded by:																
National Government													-	-	-	-

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Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													19 560	19 560	19 748	21 012
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	19 560	19 560	19 748	21 012
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds													-	-	-	-
Total Capital Funding		-	-	-	-	-	-	-	-	-	-	-	19 560	19 560	19 748	21 012

Table 54 MBRR SA30 - Budgeted monthly cash flow

NC084 !Kheis - Supporting Table SA30 Budgeted monthly cash flow

Notes: Notes - Supporting Table - Budgeted monthly cash flow															
MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Cash Receipts By Source</u>													1		
Property rates												3 165	3 165	3 367	3 583
Property rates - penalties & collection charges												166	166	176	188
Service charges - electricity revenue												-	-	-	-
Service charges - water revenue												4 089	4 089	4 351	4 629
Service charges - sanitation revenue												1 679	1 679	1 787	1 901
Service charges - refuse revenue												2 298	2 298	2 445	2 601
Service charges – other												-	-	-	-
Rental of facilities and equipment												514	514	547	582
Interest earned - external investments												41	41	44	47
Interest earned - outstanding debtors												1 707	1 707	1 817	1 933
Dividends received												-	-	-	-
Fines												14	14	15	16
Licences and permits												-	-	-	-
Agency services												930	930	990	1 053
Transfer receipts – operational												21 277	21 277	23 584	24 300
Other revenue												738	738	786	836
Cash Receipts by Source	-	-	-	-	-	-	-	-	-	-	-	36 620	36 620	39 909	41 669
<u>Other Cash Flows by Source</u>															
Transfer receipts - capital												19 560	19 560	20 812	22 144
Contributions recognised - capital & Contributed assets												-	-	-	-
Proceeds on disposal of PPE												-	-	-	-
Short term loans												-	-	-	-
Borrowing long term/refinancing												-	-	-	-

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Khaisla Municipal Council															
consumer deposits												-			
Decrease (Increase) in non-current debtors												-			
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
Total Cash Receipts by Source	-	-	-	-	-	-	-	-	-	-	-	56 180	56 180	60 720	63 813
Cash Payments by Type															
Employee related costs												18 873	18 873	20 081	21 366
Remuneration of councillors												2 037	2 037	2 167	2 306
Finance charges												581	581	618	658
Bulk purchases - Electricity												-			
Bulk purchases - Water & Sewer												899	899	957	1 018
Other materials												3 063	3 063	3 259	3 468
Contracted services												-			
Transfers and grants - other municipalities												1 905	1 905	2 027	2 156
Transfers and grants - other												-			
Other expenditure												28 800	28 800	30 643	32 604
Cash Payments by Type	-	-	-	-	-	-	-	-	-	-	-	56 158	56 158	59 753	63 577
Other Cash Flows/Payments by Type															
Capital assets												-			
Repayment of borrowing												-			
Other Cash Flows/Payments												-			
Total Cash Payments by Type	-	-	-	-	-	-	-	-	-	-	-	56 158	56 158	59 753	63 577
NET INCREASE/(DECREASE) IN CASH HELD	-	-	-	-	-	-	-	-	-	-	-	21	21	968	236
Cash/cash equivalents at the month/year begin:		-	-	-	-	-	-	-	-	-	-	-	-	21	989
Cash/cash equivalents at the month/year end:	-	-	-	-	-	-	-	-	-	-	-	21	21	989	1 226

References

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cashflow will differ from budgeted revenue, and similarly for budgeted expenditure.

Table 55 MBRR SA9 -Social, economic and demographic statistics and assumptions

NC084 !Kheis - Supporting Table SA9 Social, economic and demographic statistics and assumptions

[illegible]

!Kheis Local Municipality

2013/14 Budget and MTREF

[illegible]

Detail on the provision of municipal services for A10

[illegible]

!Kheis Local Municipality

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Level sub-total									
Total number of households	-	-	2 243	2 256	2 270	2 284	2 297	2 311	2 325
<u>Sanitation/ sewerage:</u>									
Flush toilet (connected to sewerage)			1 119	1 126	1 132	1 139	1 146	1 153	1 160
Flush toilet (with septic tank)			883	888	894	899	904	910	915
Chemical toilet			290	292	293	295	297	299	301
Pit toilet (ventilated)			502	505	508	511	514	517	520
Other toilet provisions (> min.service level)			328	330	332	334	336	338	340
Minimum Service Level and Above sub-total	-	-	3 122	3 141	3 160	3 179	3 198	3 217	3 236
Bucket toilet									
Other toilet provisions (< min.service level)			1 024	1 030	1 036	1 043	1 049	1 055	1 061
No toilet provisions									
Below Minimum Service Level sub-total	-	-	1 024	1 030	1 036	1 043	1 049	1 055	1 061
Total number of households	-	-	4 146	4 171	4 196	4 221	4 246	4 272	4 298
<u>Energy:</u>									
Electricity (at least min.service level)			2 653	2 669	2 685	2 701	2 717	2 734	2 750
Electricity - prepaid (min.service level)									
Minimum Service Level and Above sub-total	-	-	2 653	2 669	2 685	2 701	2 717	2 734	2 750
Electricity (< min.service level)									
Electricity - prepaid (< min.service level)									
Other energy sources			1 493	1 502	1 511	1 520	1 529	1 538	1 548
Below Minimum Service Level sub-total	-	-	1 493	1 502	1 511	1 520	1 529	1 538	1 548

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[illegible]

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		inside yard (but not in dwelling) Using public tap (at least min.service level)								
	8	Other water supply (at least min.service level)								
	10	<i>Minimu m Service Level and Above sub- total</i>	-	-	-	-	-	-	-	-
		Using public tap (< min.service level)								
	9	Other water supply (< min.service level)								
	10	No water supply								
		<i>Below Minimum Service Level sub- total</i>	-	-	-	-	-	-	-	-
		Total number of household s	-	-	-	-	-	-	-	-
Names of service providers		<u>Sanitation/ sewerage:</u>								
		Flush toilet (connected to sewerage)								
		Flush toilet (with septic tank)								
		Chemica l toilet								
		Pit toilet (ventilated)								
		Other toilet provisions (> min.service level)								
		<i>Minimu m Service Level and Above sub- total</i>	-	-	-	-	-	-	-	-
		Bucket toilet								
		Other toilet provisions (< min.service level)								
		No toilet provisions								
		<i>Below Minimum Service Level sub- total</i>	-	-	-	-	-	-	-	-
		Total number of	-	-	-	-	-	-	-	-

!Kheis Local Municipality

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2.13 Municipal manager's quality certificate

I, HT Scheepers, the Municipal Manager of !Kheis Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____
Municipal Manager of !Kheis Local Municipality (NC084)

Signature _____

Date _____